THE FINANCIAL POST

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The Nation's Business

Let's Face the Facts — At Home

Business is booming. Our munitions programme is moving from low gear into second. The threat of an invasion of Britain seems less grave.

For all of us, it is dangerously easy to be complacent.

Yet in 120 days we shall reach the Ides of March. And with the coming of spring, if not before, Hitler will of a certainty pit everything against us.

The moments in which we can prepare for a death grip with the enemy are few. And they are terribly precious.

* * *

Why then are we still "fact-blind," to use Hendrik van Loon's brilliant and penetrating phrase?

"We almost perished," said van Loon Sunday evening, "because we were stricken with a deplorable case of fact-blindness. Let us watch that never again in the future calamity almost overtakes us because having eyes we yet failed to see and having ears we yet failed to hear."

* * *

The magnificent achievements of recent months must not cloak our own fact-blindness. This blindness takes many forms.

For example, Canadians are as yet almost wholly unprepared for the sacrifice and saving which must be faced on the home front. The Prime Minister told the Commons this week that we must face "a longer road, a harder road than any of us at this moment begin to believe." But so far the nation has not been roused to a realization of this.

Public spending for war and peacetime needs will probably exceed $1,000 per family next year.

The corresponding pre-war figure was about $400.

Only a part of this can be obtained by taxation. At present none of it can be borrowed from abroad. The remainder must come entirely from the savings of the Canadian people if we are to avoid the dread inequities of inflation.

But almost nothing is being done by the Government to make Canadians see the vital need of saving, or reorganizing their daily lives to meet the challenge of war.

The Government does not even set an example. For example, while bewailing the shortage of steel and the high cost of war it pours steel and dollars into the interminable terminal at Montreal.

In his admirable reply to the speech from the throne last week, Brooke Claxton, M.P., warned Canadians that they will have to "deprive themselves until it hurts."

He is one of the few informed voices crying in a wilderness of ignorance.

This ignorance (fact-blindness) is as unnecessary as it is universal. It is only universal because no proper steps have been taken to inform and inspire Canadians on the amount of "home front" sacrifice and saving required to win the war.

* * *

We have been fact-blind about the demand and supply of wartime industrial labor.

In its August 10 issue, The Financial Post made this comment:

"Canada's labor reserve is now at the lowest point in a decade. Right now the most troublesome feature of Canada's labor problem is the 'stealing' of skilled workmen by industries hard pressed to maintain and increase production schedules. As yet, Ottawa's Labor Department has not shown itself capable of finding a satisfactory answer."

That was just three months ago.

Only last week did Ottawa pass an order-in-council prohibiting "poaching" of skilled labor.

If we take as long, proportionately, to face the next imperative fact, namely the need of finding and training workers for new war industry, we can abandon all hope of turning out the $1.5 billion of munitions we have undertaken to make for ourselves and for Great Britain.

* * *

These are far from isolated examples.

There is fact-blindness about the need for putting the munitions and supply programme in the hands of a non-political industrial administrator.

This question has been elaborated in these columns during the past six months. It is discussed further by representative Canadian businessmen elsewhere in this issue. The lesson in munitions administration which Canada should have learned from the last war is also discussed on page 6.

There is fact-blindness about removing failures from cabinet office; about permitting cabinet ministers to retain dual posts rather than make way for able, imaginative leaders of proved administrative experience.

There is fact-blindness about permitting our U. S. books of account to run behind $20 to $25 millions monthly while taking no effective action to curtail non-essential imports.

* * *

As most Canadians know, the answer to facts such as these is largely this: Prime Minister King, for all his many qualities of statesmanship, lacks the courage, the daring, the imaginative leadership of a great wartime leader. He has been content to follow, rather than to lead and inspire, public opinion. He has refused to surround himself with advisers other than those who share viewpoints similar to his own.

That puts a particular responsibility on each individual Member of Parliament, and particularly on Mr. King's own followers.

Mr. King's parliamentary majority is greater than that enjoyed by any Prime Minister since Confederation. Seventy-three out of every 100 representatives in Parliament are pledged to give him support.

It is these Liberal representatives who should take the initiative, now that Parliament is in session, in seeing that their Government Faces the Facts—At Home.

Overnight they could speed the tempo of the war effort by bringing deliberate, intelligent pressure on the government.

This does not mean that the responsibility of the opposition is any less imperative. It merely emphasizes the especial influence and responsibility of Liberals in an overwhelmingly Liberal Parliament.

* * *

The Liberal members of Parliament could strengthen their leader's hand by forcing him to retire cabinet deadwood and appoint to the nation's war councils the ablest executive leadership, irrespective of political considerations.

They could require greater integration of the war effort "at the top."

They could insist that Mr. Howe appoint a non-political business executive with full authority to direct and co-ordinate the war supply programme.

They could demand rapid executive action once important matters of policy had been agreed upon by competent governmental advisers.

Canadians have been warned bluntly and convincingly against a besetting sin of the ages—fact-blindness.

Let us see that the men whom we have elected to represent us in Parliament, Face the Facts—At Home.

(Continued on page 2, col. 3)

Profits Tax Revision Slated

Ottawa Ready to Modify Basis of "Standard Profit" in Computing Tax on "Excess"

From Our Own Correspondent

OTTAWA. — The Excess Profits Tax Act will be overhauled during the present session of Parliament. Amendments now being drafted are to be introduced when Parliament returns in February from the Christmas recess.

Chief change will be in the basis of computing the "standard profit" by which the taxable "excess" of profits is measured. Under the present Act, this standard is averaged from either the four calendar years 1936-39 inclusive or the fiscal periods ended in these years.

The fiscal period ends for many companies January 31, and under the Act as it stands these would be assessed on the basic of average annual profit in the fiscal periods ended Jan. 31, 1936, to Jan. 31, 1939, inclusive.

These fiscal periods include 11 months of 1935, which was a low profit, near-depression year for most companies, and excludes practically all of 1939, which was a better year for profits. This makes the "excess" of 1940 profits—and the tax—more onerous than if full calendar years were taken.

Finance Minister Ilsley on several occasions in public addresses has given fairly clear hints of what will be done. It may now be forecast confidently that fiscal periods will be dropped and calendar years accepted as base periods for measuring the tax.

Other Changes Unlikely

While it is admitted that the tax is open to justified criticism, the Government does not feel able to make other changes. Ottawa realizes the burden of the tax on newer companies and the great influence the tax is having on business executives to spend more to reduce the effect of the tax. But to drop the rate of taxation, perhaps from 75% to 50%, is deemed politically impossible.

At the same time, the Government will not permit extravagance to reduce income from the tax. Tax administrators have the power to disallow expenditures if deemed unnecessary or made for the purpose of reducing tax payments. It is expected this clause will be strictly enforced to convince businessmen that inflated outlays will be disallowed and result in heavier tax burdens.

Tax Criticized

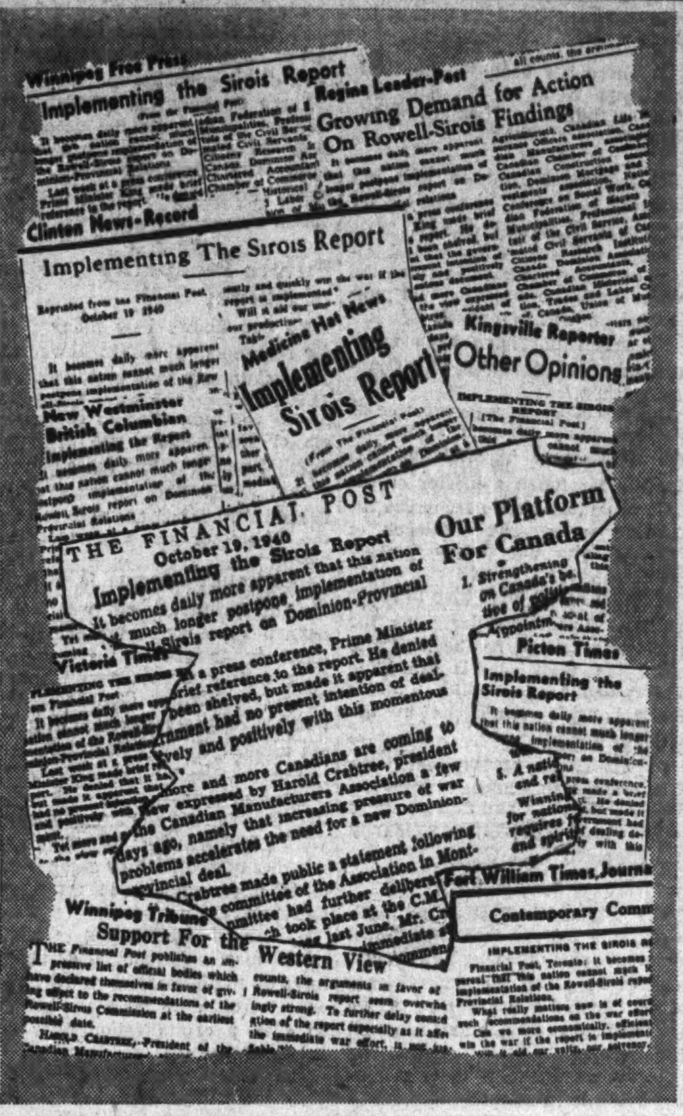
Behind the forecast of corporation tax changes are strong representations that have been and will be made for tax revisions.

Enquiry of accounts, bankers, industrialists and organization officials reveals important aspects of current taxation laws which work unfairly and defeat their object, it is claimed.

An important object of criticism is the method of working out so-called standard profits.

A special point in this regard was brought out by D. C. MacLachlan of the Maple Leaf Milling Co. at the recent annual meeting. If a company

(Continued on page 2, col. 7)



Winnipeg Free Press
Implementing the Sirois Report
Regina Leader-Post
Growing Demand for Action On Rowell-Sirois Findings
Clinton News-Record
Implementing The Sirois Report
Medicine Hat News
Implementing Sirois Report
Kingsville Reporter
Other Opinions
New Westminster British Columbian
THE FINANCIAL POST
October 19, 1940
Implementing the Sirois Report
Our Platform For Canada
Victoria Times
Picton Times
Implementing the Sirois Report
Fort William Times-Journal
Contemporary Comm
Winnipeg Tribune
Support For the Western View

IMPLEMENTING THE REPORT

Leading editorial in The Financial Post of Oct. 19 urged Ottawa to implement the recommendations of the Sirois report without further delay. This editorial was quoted in papers right across the Dominion. Last week Prime Minister King announced a Dominion-Provincial Conference next January at Ottawa to consider immediate steps for implementing this famous report. A few reproductions of The Post's editorial are shown above.

Need War Chief

More Top Flight Canadian Executives Back Plan For Real Co-ordination on War Supply Problem

More top-flight business executives this week join in urging a non-political chief executive for Canada's $1.5 billion war supply programme.

These men have a wide range and background of experience. Most of them are in direct contact with the Department of Munitions and Supply.

They know how it functions. They have had a first-hand chance of sizing up its weakness and strength.

Said one western Ontario manufacturer with a wide experience in munitions work extending back to the last war:

"I am entirely in accord with the views expressed in your editorials.

"War supply is certainly a big business; it is not a political job and should be under the direction of a competent man who has freedom of action and full power in all respects.

"In my judgment it is impossible for Mr. Howe to carry on as political leader and Cabinet Minister and at the same time actively direct and control what is at the present time our biggest Canadian business. The sooner we face this fact the better for Canada."

Committee Not the Answer

Another industrial leader gave his views on the new planning committee to co-ordinate war departments and rationalize industry and materials for war. H. R. MacMillan, presently timber controller, is expected to head this new co-ordinating committee.

"As I understand it, such a committee in no way alters the need

(Continued on page 2, col. 4)

Machinery Corp. Plan Advances

Shareholders to Vote On Revision of Capital Structure and Change of Control

From Our Own Correspondent

MONTREAL. — Shareholders of Canada Machinery Corp. are holding a special general meeting this week to authorize a split in the common stock; retirement of most of the preferred and creation of a first mortgage, as well as 15-year convertible notes.

The meeting also will result in change of control of the company. The offer to purchase, put forward by W. C. Pitfield & Co., Montreal investment dealers, has been accepted by a large majority of both the common and preferred shareholders.

At present Canada Machinery has an authorized share capital of $100,000 of common, divided into 10,000 shares of which 9,600 shares have been issued and $750,000 of preferred stock authorized and $602,500 issued.

Subdivide Common Shares

It is proposed to subdivide the common shares on the basis of 5 new shares for each old one, increasing the number outstanding to 48,000 shares.

Half of the new issued common shares, or 24,000, will be cancelled without any repayment to the shareholders and turned back to the treasury to be held in reserve against conversion of the new notes.

The authorized preferred stock remains unchanged. However, the 1,475 unissued shares will be cancelled; 5,713 other shares issued and fully paid will also be cancelled on repayment of the capital to the holders. The balance of 312 shares represents issued stock which has not been turned in under the terms of the offer put forward by W. C. Pitfield & Co.

New Capital Set Up

Upon completion of this phase of the capital reorganization there will be authorized 50,000 shares of common stock, of the par value of $2 each, of which 24,000 will be issued and fully paid; with the balance held in reserve, part of which will be issued upon conversion of the new notes.

The authorized preferred stock issued will be unchanged at $750,000, with only 312 shares of the par value of $100 each outstanding. This latter stock, it is understood, has not been traced but will be redeemed when presented on the same terms as offered for the stock turned in.

Issue Bonds and Notes

The meeting will also be called upon to authorize directors to exercise the borrowing power of the company and to issue $350,000 principal amount of first mortgage and collateral trust bonds and $300,000 principal amount of 6% convertible 15-year notes.

It is presumed that the bonds and notes will be offered publicly at a later date.

Sirois Move Forced By Political Revolt

Insiders at Ottawa See Parley on Report Hastened by Western Uprising Led by Bracken, Wartime Finance Problems

From Our Own Correspondent

OTTAWA.—Announcement that the King Government is backing the Sirois Commission report and calling a Dominion-provincial conference in mid-January to deal with it is the most important political development since the general election. It so ranks because:

1. The remaking of the constitution of Canada—in many respects the bugbear of business for 20 years—is now slated to begin in earnest.
2. Giant political forces which might easily upset the governments of the Dominion and many of the provinces are now unleashed. All governments—Dominion and provincial—are moving into uncharted, uncertain waters.

Behind Mr. King's letter announcing the conference lies a movement rapidly taking form under the leadership of Premier John Bracken of Manitoba. This aims to compel the adoption of the Sirois report, if necessary by direct political assault on the present government.

The forces driving Mr. Bracken were clearly outlined by him in a letter to Mr. King on Aug. 25, in which he said:

"When a crisis in our western economy is so obvious and so imminent, we do not think it is part of either courage or wisdom for us to wait until it is actually upon us before starting to work out a policy to meet it. In working out such a policy, it is essential that we know if the Dominion Government intends to take early steps toward carrying out recommendations of the Commission."

Mr. King's reply to this is not on record, but more than a month later he indicated that the Government planned no action on the report. It is doubtful if, at the beginning of October, half the Cabinet had as much as looked at the covers of the report.

Forced Ottawa's Hand

Then events began to move. Mr. Bracken manoeuvred for a non-party government in Manitoba, plainly closing the ranks for a mass attack on Ottawa. Sensing the danger, Ottawa began sounding out the provincial governments on the report.

This preliminary survey showed the three Maritime Provinces and the three Prairie Provinces a solid bloc for the report. The Godbout

(Continued on page 2, col. 2)

Expect Renewal Abitibi Sale

Application to the Ontario courts for a new sale of Abitibi Power & Paper Co. assets is expected in the near future, The Financial Post learns. The Bondholders' Protective Committee has asked the Montreal Trust Co. to make the application as soon as possible.

It will be remembered that the Oct. 16 sale failed when the only bid of $30 millions from bondholders did not meet the reserve bid set by F. H. Barlow, K.C., Master of the Supreme Court. It is probable that the new application will ask for a sale without any reserve bid, thus assuring completion of the transaction as the highest bid would take the properties.

Gain in Stocks Of Newsprint

Canadian Shipments Taper Off But Output Shows Continued Rise

From Our Own Correspondent

MONTREAL.—Both output and shipments of Canadian newsprint rose seasonally in October, but whereas shipments were 1,317 tons less than a year ago, output was 28,972 tons greater.

According to the Newsprint Association of Canada, Canadian mills produced 309,957 tons of newsprint paper last month and shipped 287,942 tons, making for a net increase in stocks on hand of 22,014 tons. This is the first time since April that output has exceeded shipments.

Newfoundland's two mills turned out 31,573 tons in October and shipped 31,399 tons, for a gain of 174 tons in stocks.

American mills produced 88,192 tons and shipped 88,774 tons, necessitating a drawdown of 582 tons from stocks carried over from the previous month.

Net Gain in Stocks

On balance the North American mills record for October shows a production of 429,722 tons and shipments of 408,116 tons, making for a net increase in mill stocks of 21,606 tons at the end of the month.

Both output and shipments figures for the three groups of mills were greater last month than in Sept., 1940, and, with the exception of Canadian shipments, greater than in Oct., 1939.

Ratio Off Moderately

Operating ratio of the Canadian mills last month was 81.5% of effective capacity. This reflects a moderate but steady decline from the peak of 90.8% reached in July.

Distribution of Tonnage

Examination of the market for Canadian newsprint in October shows the following distribution of tonnage, with comparative figures for the same month last year:

Canadian Newsprint Shipments

To:	October 1940	October 1939
	Tons	Tons
Canada	16,442	18,702
United States	213,705	220,595
Overseas	57,796	49,963
Total	287,943	289,260

Good Showing To Date

Canadian output to date amounts to 2,883,562 tons. This is greater than for all of last year and compares with 2,339,884 tons to end of October, 1939.

Shipments from Canadian mills so far this year have totalled 2,872,738 tons, a figure also greater than for all of 1939 and comparing with 2,308,713 tons for the 10 months period.

To the end of October the Canadian market absorbed 152,337 tons, or about 5,000 tons less than in 1939; the American market, 2,153,932 tons, as against 1,770,225 tons; and the overseas markets, 566,469 tons, as against 381,235. It is noted that shipments overseas this year have been the heaviest of any year since 1936.

War Activities To Be Fused

Planning Committee to Dovetail Operations of War Departments

From Our Own Correspondent

OTTAWA.—To rationalize war industry and supply of war materials, and to dovetail the far-reaching activities of the various war departments, a planning committee probably will be appointed soon.

This is expected to clear up a good deal of the present confusion and overlapping as between departments. But it does not meet the widespread demand for a fully powered executive boss or co-ordinator within the most vital war department—Munitions and Supply.

The head of this committee is expected to be H. R. MacMillan, presently Timber Controller in the Munitions and Supply Department. R. A. C. Henry, economic adviser to the Department, would be the deputy head. Other members would include Graham Towers, Governor of the Bank of Canada and prominent men from the Defense Department.

The purpose of the committee will be to utilize Canadian materials and industrial capacity in the most efficient manner and to eliminate the confusion and uncertainty which has arisen by reason of the tremendous speed with which war production has been expanding.

So far as is known this committee would confine itself to Canada and would not have any mandate to deal with the rationalization of our production with the United States or Great Britain.

C. P. R. Said to Control Mackenzie Air Service

From Our Own Correspondent

MONTREAL.—Stock control of Mackenzie Air Service Ltd. is understood to have passed to Canadian Pacific Railway, which already holds substantial interest in Canadian Airways Ltd. No confirmation of this report can be had from the C.P.R. Meanwhile large blocks of stock have been going through the Montreal Curb Market, the trading being handled by Collier, Norris and Henderson Ltd., which offered publicly a large block of stock in the early part of 1937.

The War And Business . . A Weekly Round-up

Ottawa and "Sirois"

It was no news to readers of this column when the Government came out in favor of the new tax blueprint of the Rowell-Sirois report. On Oct. 26 The Financial Post first told of intimate conversations between the Minister of Finance and the treasurers of the provinces. On Nov. 2 this column made the definite forecast that, "fantastic" as it sounded, the Government's plan was to implement the report as a war measure.

The determining factors in the Government's decision were several:

1. The Government's economic and financial advisers were looking forward to the post-war years, when unemployment, depression and "relief" would again be major problems. They were appalled by the prospects held forth—prospects of provincial bankruptcy and national disunity—if a new charter of financial equity were not put into effect under the cover of war conditions.

2. The Minister of Finance and his immediate assistants faced more immediate problems—how to raise the $2,100-$2,700 millions that may be required for the Dominion's war-plus-ordinary budget in the next fiscal year. Also how to save American dollar exchange without trespassing on provincial revenues. The more they studied the problems the more they realized that the job could not be done adequately with our present division of taxes.

3. The Prime Minister had another reason which weighed heavily with him. The Bracken one-party movement in western Canada is the biggest threat to Mr. King's political power he has ever had to face. Mr. Bracken was campaigning for a new financial deal. There was only one way to spike his guns; take the initiative—on the Rowell-Sirois report—away from him.

Thus have varied motives played their part in a dramatic about-turn by the Government on this all-important matter of modernizing Canada's constitution.

Irish Bases

Whether or not German U-boats and raiders are operating from west coast bases in Eire is something this column does not know. What it does know is what it has been told by German U-boat commanders of the last war; that they did operate from such bases.

Even if Germany is not actively operating from Eire it is important that the Royal Navy be permitted to operate from Irish ports.

This week's suggestion by Opposition Leader Hanson that Canada ask for these bases brings into the open a proposal quietly pressed on the Government for some weeks past by private citizens.

A leading military authority this week pointed out two facts to The Financial Post:

1. That this country has a most vital interest (apart from trade) in maintaining the North Atlantic route because the lives of our own soldiers and sailors are in daily peril on that route.

2. That there is precedent for a joint defense pact between Canada and Eire in the joint defense deal with the United States, another neutral country.

There are obvious advantages in Canada taking the initiative in the matter.

* * *

Who is Who

Plans for making the best use of the youth of Canada in wartime are in suspense until the results of last August's national registration can be analyzed. A large staff is working overtime making out the card system for upwards of 6 million people who registered.

Once this card system is completed, and it will be completed by the end of December, a new and vitally important Who's Who of Canada will be in existence.

The National War Services Department will be able to run these cards through special machines and find out who are mechanics and who are radio operators, who is equipped to help in this or the other particular phase of the war effort. They will know where these men are located and to what extent transfers of population may be necessary.

In short, they will know all the things they want to know but which, hitherto, they have had no means of finding out.

Thereafter the competition between the fighting services and war industry for manpower will cease. Essential manpower, or so it is claimed in Ottawa, will be used to the fullest advantage.

At the same time, it is learned, the army is undertaking, belatedly, a census of its men to discover if individuals are being used to the greatest possible advantage. How soon this census will be completed is not clear but the hope is expressed that the results will be available about the same time as the National Registration comes into service.

All manner of things, not thought of at Ottawa six weeks ago, are now being actively discussed and planned. It is quite possible that the Canadian army will be combed for men for industry and that soldiers will be withdrawn from fighting units and seconded to industrial plants.

* * *

"Excess" Profits

Very circumstantial are the reports in banking and business circles of an impending drastic revision of the "excess" profits tax. Just as positive are statements of officials at Ottawa that they are satisfied with the present tax; that they do not think it will be changed except in minor particulars, such as changing base years from fiscal to calendar years.

Ottawa will be influenced by several considerations in making up its mind on E. P. T. The first is the absolute necessity of getting in the money to pay for the war. Businessmen admit that need. Any proposals they make for modification of the E. P. T. are always prefaced by the comment that some less onerous tax would bring in more money.

The second consideration at Ottawa is political. Men high in the government service admit frankly in private conversation that they consider the E. P. T. crucificially high and grossly unfair to many companies.

But the public demands high taxes on "war profit"; there is no way to separate a war profit from any other kind of profit. So the maximum tax on "excess profits" consistent with some slight measure of justice for business is the political answer.

* * *

One suggested change, circulating in business circles, is reported to have attracted favorable attention at Ottawa. Details are not clear but are apparently about as follows:

The first 30% of a company's earnings would go to the Government.

Then a company would be allowed an increase of 25% in average earnings.

After that all earnings to be split 50-50 between the shareholders and the tax-collector.

This still would leave unsolved the problem of the depressed industry that earned nothing, or almost nothing, in the last four years. The referee board would still have to sit on such cases.

* * *

Businessmen with the economist's way of thinking point to the fact that the present E. P. T. clashes with Government war finance objectives:

1. The Government wants production increased all along the line.

2. The Government wants consumption—private spending including company spending—held in check as much as possible.

The combination of greater production and self-denial will enable us to feed the war machine, they indicate.

The E. P. T. certainly does not encourage greater production; quite the reverse. A basic human incentive to increased activity — the psychological vitamin of profit—has been practically eliminated by taxes that run up to 89½% of the new profits earned.

Nor does the E. P. T. encourage careful spending. There is little inducement for business firms to defer or withhold expenditures of an operating character. This means putting a heavier load on the supplies of labor, materials and dollar exchange.

Make Sure You See—

Predict Higher Profits for Paper Firms
Outlook for Newsprint—p. 12.

Trained Surplus Hits Youth Project
Youth Trainee Surplus—p. 20.

Sirois Report—Saskatchewan's Hope
Saskatchewan Plight—p. 8.

Gold Dredging in British Guiana
Canadians Work Placer—p. 19.

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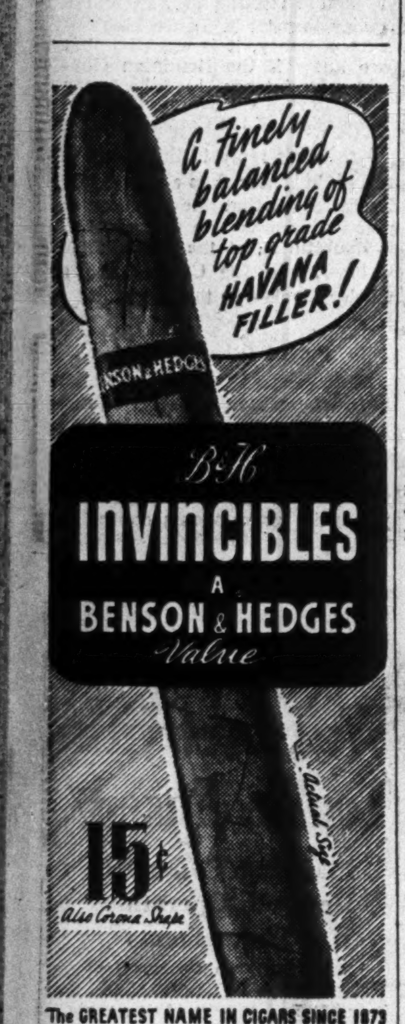

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Sirois Move Forced By Political Revolt

(Continued from page 1)

Government in Quebec is reported to have said that, while not enthusiastic for it, no great difficulties would be created if Ottawa decided to go ahead.

Premier T. D. Pattullo, while not enamored of the report, was believed to be prepared to go a long way rather than cause domestic disunity at this time.

Hepburn Opposed

But the survey showed Premier Hepburn of Ontario was adamant in opposing the report. He had not budged from the position he took when the report was first made public, that it would be nonsense to divide the country on such an issue in time of war.

He is reported to have told Ottawa only a few weeks back that he would resist any move to adopt the report with all his power—fight to the bitter end.

However, Premier Hepburn has announced he and other Ontario officials will attend the Sirois conference. And, while he declines to state Ontario's stand until the parley, it is reported he is now more amenable to dealing with the report, or at least to discussing such a proposal as a war emergency step.

War Financing a Factor

There was a third factor in the situation. The increasing difficulty of financing the war, of controlling the war economy, was driving the financial advisers of the Government into a position whence they had no alternative but to press for the report.

Only if the provinces were banished from vital tax fields, leaving the Dominion a free hand, could Ottawa exploit the full power of taxation in such a way as to head off inflation and maintain the pay-as-you-go war policy. And the urgent need to conserve United States exchange must sooner or later compel Ottawa to reduce or eliminate some non-war imports. Thus provincial revenues—from gasoline and motor cars—might be impaired and provincial finances wrecked.

Caught between all these pressures, Mr. King has moved warily—far more so than his letter would indicate. Plainly, he realizes that he is handling dynamite; that carelessness may not only cause a political explosion but, more important, an upheaval which would hamper the nation's war effort.

Why Report Favored

His letter declares that the Government is strongly in favor of the report. Five meaty paragraphs set out why the Dominion believes the report should be adopted forthwith:

1. The need to put our house in order with respect to unemployment relief.

2. The pressure of war finance, compelling governments to compete for revenues and thus aggravating the existing overlapping and discriminatory taxation. If this goes on, the war effort must suffer.

3. The need to prepare for postwar reconstruction.

No Plan to Fight

A hasty reading of this letter would leave the impression that the Government is committed to the report and proposed to fight for its adoption. The letter would seem to be a declaration of war on Mr. Hepburn.

This, however, is not so.

Mr. King has equipped himself with emergency exit clauses. He goes all out for the Sirois report. He announces that a conference will be called. But he adds the significant phrase that the purpose of this conference will be "to secure, if possible, the adoption of the Commission's recommendations."

In other words, Mr. King will only proceed with the report if the provinces approve. He disavows, by implication, any intention of applying pressure or of risking an open break.

Dodging Bracken

In this way Mr. King no doubt hopes to sidestep the Bracken campaign. Mr. Bracken cannot pin down Ottawa as the opponent of the report but may have to deal with Mr. Hepburn or some others among the provincial premiers.

In consequence it is doubted here if the report has been much advanced. Everything will depend upon the conference, upon how the report is submitted to it. If the conference is encouraged to discuss the report in detail before arriving at a decision, the view here is that no headway will be made and the January meeting will be adjourned until later in the year.

In such a discussion, all manner of demands for minor adjustments in favor of each individual province would arise. An astute strategist like Mr. Hepburn would have little difficulty in placing himself at the head of a "revisionist" group which, almost certainly, would succeed in reopening the report.

Once the report is reopened, it is doubted here if it can ever be brought together again. It was hard enough for the commissioners to agree, not to mention the nine provinces and the Dominion.

Way to Success

On the other hand, if Mr. King asks the conference to deal first with the principle involved — shall the report be adopted? — and to leave the details to be ironed out later, success may be achieved.

Present prospects, however, are that Mr. King has no intention of risking open war with any of the provinces and is more than likely to leave the direction of the conference with the provincial delegates. If so, the conference could develop into a pitched battle between Premier Bracken and Premier Hepburn—unless the latter has changed his mind—with Prime Minister King in his favorite rôle of peacemaker.

Ontario Position

Ontario's position in regard to the Sirois report is uncertain, as far as any official public statement is concerned. Premier Hepburn has indicated that he will reserve any outline of Ontario's stand until the time of the Ottawa conference on the report.

Mr. Hepburn has formally and publicly accepted the invitation to attend the conference and will head a delegation of himself and other ministers. But this does not necessarily mean that he has abated his opposition to the report, or at least to attempting to implement it in wartime. It is alternatively possible:

1. That he retains his opposition to the report and to dealing with it in wartime, and will go to Ottawa chiefly to assure representation for Ontario and to present his views.

2. That he has changed his mind, and is now willing to support implementing the report, or some of its major proposals, as a war emergency measure in view of the looming difficulties for both national and provincial finances.

3. That he has moved to middle ground and will go to Ottawa with an open mind, ready to consider any proposals which he considers reasonable for dealing with the report.

Accepts Invitation

Judging from recent newspaper reports which suggested hints from official quarters, Mr. Hepburn's present frame of mind is likely along the lines of No. 2 or 3, perhaps somewhere between the two. His letter to Prime Minister King, accepting the invitation to the Ottawa conference, indicates only he had favored shelving the Sirois report until after the war, but is now prepared to take part in a parley on the proposals.

Beyond that the latter does not go. It says:

"Dear Mr. Prime Minister:

"I have your letter of Nov. 2, regarding the Sirois report. I was hopeful discussion on this problem could be delayed till after the war so there could be no possibility of any controversial issue arising which might impair the national unity and effective prosecution of the war.

"However, in view of the fact a conference is to be called, it is the intention of this Government to make available for its representatives any time that may be required after the middle of January, as suggested by you."

Ontario Delegates

Mr. Hepburn announced that he would attend the conference, and that the Ontario delegation would include Hon. T. B. McQuesten, Minister of Highways; Hon. N. O. Hipel, Minister of Labor; Hon. Dr. Duncan McArthur, Minister of Education; and Chester S. Walters, Controller of Revenue.

All other provincial premiers have indicated their intention to attend the conference, according to press reports.

The Nation's Business

(Continued from page 1)

Canada Moves Toward Sirois Report

Prime Minister King has made a momentous commitment in placing his Government on record as approving the Rowell-Sirois report.

In his letter to provincial premiers he said:

"It is the view of the Government that adoption of the Commission's recommendations is necessary to put our country in a position to pursue a policy which will achieve the maximum war effort at the same time to lay a foundation for postwar reconstruction."

The Government has thus cast its ballot. It has thrown its influence in favor of this new blueprint of the nation's political and economic destiny.

It has given approval to a programme which, in essence, aims to put Canada's governmental machinery back on the road planned and charted by the Fathers of Confederation three quarters of a century ago.

It has declared in favor of a plan to remake entirely the taxation machinery under which business now operates and which in recent years has become so intolerable.

• • •

The Government's decision in favor of the report is surprising. Not many weeks ago Mr. King implied that the Government planned to take no action.

Why has there been this sudden change?

There are three reasons.

1. Within recent weeks there has been a growing, insistent demand throughout Canada for the adoption of the report.

This demand has been supported by a large number of newspapers and by representative Canadian organizations, public men, political leaders.

2. There is the rapidly rising threat to our financial solvency in financing the war.

In recent weeks Mr. King has had before him the staggering totals of Canada's 1941-42 estimates. The figures are sobering. They justify the Prime Minister in saying that Canada cannot put forth her maximum war effort nor distribute its cost justly and fairly unless there is a rearrangement along the lines of the Sirois report.

3. There has been the political challenge flung at Mr. King by the ascendant and astute John Bracken of Manitoba.

• • •

It is Premier Bracken who has probably been most responsible for the Prime Minister's decision.

Prime Minister King would almost certainly not have acted on the report unless he was sure that public opinion was behind it.

He might not have been much worried about the threat of a financial crisis.

But the threat of a political crisis was something different, something Mr. King could understand. Mr. King is too much a master of the craft of politics not to recognize the growing power and influence of Premier John Bracken in western Canada.

If Mr. Bracken were able to rouse western Canada politically on the Sirois report as he has been able to rouse the West against the King Government's wheat policy, a major political crisis would be in the making.

By his action of last week Mr. King undoubtedly hopes to keep Mr. Bracken "in line" and find a way in which to preserve western solidarity and support.

• • •

The Financial Post joins with those who believe that there must be a redivision of taxing powers and jurisdiction along the general lines of the Rowell-Sirois report, if we are to avoid economic and financial disaster.

At the moment, the chief stumbling block to its adoption appears to be Premier Mitchell Hepburn of Ontario.

Mr. Hepburn must weigh carefully any objections to this programme.

He must remember that the people of Ontario have never endorsed his narrow, childish attitude as expressed before the Commission in Toronto in 1938.

He must appreciate that this is a unique opportunity to prove his oft-discussed anxiety to further the war effort.

He must know that this coming test of statesmanship is perhaps the apex of his opportunity.

Every Canadian will watch with terrible earnestness the actions of these three men in this momentous conference. Only the highest type of statesmanship will be countenanced.

• • •

Future Prosperity of Abitibi

No one knows how many plans for reorganizing Abitibi Power and Paper Company have been prepared. Though only a few have been completed and submitted to shareholders or bondholders, the aggregate number must run into the hundreds.

Last week the Ontario Royal Commission asked the receiver and the liquidator for two additional plans.

One feature common to so many of these proposals and which may disturb an outside observer is the tendency to saddle the company with unduly heavy fixed charges. Abitibi apparently demonstrated a number of years ago that it could not support, through depression and prosperity, the 5% interest requirements on $50 millions of bonds, even though the company's difficulties were partly due to ambitious schemes of one kind or another and to troubles common to the whole newsprint industry.

Do those advocating schemes which may require bond or debentures up to $70 millions at 5% really expect Abitibi to maintain interest on such a capitalization over any extended period?

The company might do it this year when the war has inflated earnings. But what about the postwar period? In their anxiety to placate bondholders and give some modicum of consideration to equity holders, prospective reorganizers of Abitibi seemingly lose sight of one consideration, namely, the future prosperity of the company itself.

Need War Chief

(Continued from page 1)

for a non-political executive boss in the Department of Munitions and Supply.

"This committee's job is to work behind the placing of orders and the control of production. It is to link and integrate the work of various departments concerned with materials and supply. It does not remove the need for cleaning up the situation within the Department of Munitions and Supply itself.

"Mr. Howe's department, though doing excellent work, is not getting the results it should. It badly needs a 'steering' committee or someone to co-ordinate its work. Mr. Howe cannot possibly give the time to that job. He is also hampered by his Cabinet and political responsibilities.

"Whether this is a job for one man depends on whether the one man can be found. He must be someone strong enough and with sufficient authority to do what he thought fit. If I could see a 1940 Flavelle on the horizon I would say that he is the man we badly need to get our munitions and supply programme properly co-ordinated."

Need 1940 Flavelle

Another prominent businessman who has had close contact with Ottawa in connection with labor problems made this observation:

"There is unquestionably need to appoint one sound, experienced business executive to take charge of the work of the many really good men who are working on war supply. The more one observes the progress of munitions production in Canada the more one realizes that a more businesslike organization of the work would multiply the results now being achieved.

"An example is labor. The Government has appointed a Labor Supply Council but it is purely advisory. It has no authority.

"Now there is a further inter-departmental committee on labor problems. But that committee is not headed up by one man with power to act.

"In the meantime we are moving rapidly to a very serious crisis in production as a result of the shortage of skilled labor. War factories are competing with each other for the limited supply of trained men. Competing with these factories are the various services. This is a mechanized war and the army, navy and air force need trained mechanics.

"If we had a capable man of the type of Sir Joseph Flavelle in charge of war production he would tackle all the problems before they arise—including the labor problem—instead of waiting until an insoluble problem has arisen through delay and indecision."

Too Much For Howe

One of Canada's very top industrial "names" had this to say:

"Unquestionably too much control is centred in the hands of the Minister. Mr. Howe is doing a good job but it is too much to expect him to have the responsibility of putting out money on which he might be subject to criticism and at the same time have to report Parliament on all his actions. It would be more effective to have someone who is qualified to do the work. The principal handicap of the department is the political consciousness which motivates every move."

A prominent mining executive says:

"In any business the way to get results is to get co-ordination of all the people and all the factors that enter into the job to be done. Business gets co-ordination by putting one man in charge and letting him set up his own system, appoint his own associates and build up a smooth-working organization that knows the job to be done and how to do it.

"You are on the right track. You could have all the best business executives in Canada down at Ottawa; but if you did not first of all ensure the complete co-ordination of their work they would achieve nothing compared with what has to be done."

Beset by Doubts

One Montreal industrialist with an important task in Canada's munitions and supply programme expressed doubt as to whether a co-ordinator was required. He stated:

"R. A. C. Henry is acting very much in the position of co-ordinator. As I understand it Henry, Gordon Scott and Howe do the co-ordination. I just wonder if putting a co-ordinator in would change the situation very much.

"It would seem to me that Howe, as a member of the Cabinet, is in touch with the policy of the Government and as these assistants under him are capable men, the setup is a sound one. The only thing you would do by putting in a co-ordinator would be to duplicate what you already have."

Another industrialist who has been working very closely with the Department admitted frankly that many men like himself were probably too close to the picture to know just what was going on. He said:

"Efficient co-ordination of the component parts is essential if the effort is to proceed smoothly as a whole. The parts may work as well as you please, but the effort will fall down if there is no co-ordination. I believe that your policy of greater co-ordination is right. I fancy that this function of co-ordination is the job of the deputy minister, and from my rather meagre opportunities to see his work I am quite impressed by what he is doing.

"From past experience I know how difficult it has been to deal with Ottawa direct and the step the Government has taken in decentralizing its efforts by creating Government-sponsored organizations is commendable. This has facilitated the task of those connected with the war effort greatly.

Weekly Record of Financing in Canada

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS

Municipal—	Date Issued	Sold to	Rate	Due	Amount	Price	Yield
Sch. Mun. of Grand'Mere, P.Q.	Nov.	Harris, MacKeen, Goss & Co.	4%	1941-60	$23,000	99.26	4.15%
City of Grand'Mere, P.Q.	Nov.	Bk. Can. Nationale	4%	1-20 yr.	53,000	98.71	.....
Stellarton, N.S.	Oct.	Privately	4%	15-yr. ser.	10,000	100.50	.....
Greater Winnipeg Water Dist.	Oct.	Sinking Fund Trustees	4¼%	1950	560,000	99.50	.....
Provincial—							
Quebec	Nov.	Royal Bank, A. E. Ames & Co. and Syndicate	4% 2½-3½%	1952 1941-45	11,750,000 9,800,000	*99.50 *100	4.05% .....

*Offering price.

Dom. Engineering Work May Extend Plant

From Our Own Correspondent

MONTREAL. — Dominion Engineering Works plans to let a contract for alterations and additions to mill No. 2 at Longueuil.

When it is decided to proceed with the work, the structural steel will be fabricated and erected by the associated firm, Dominion Bridge Co.

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Seagram Sets New Records

Sales Volume Over $100 Millions—Share Profits Sharply Higher

From Our Own Correspondent

MONTREAL.—With an all-time record sales volume of $103 millions, Distillers Corp.-Seagrams Ltd. consolidated financial statement for the year ended July 31, 1940, shows net revenue of $33.3 millions. This contrasts with $26.8 millions the year before. After provision for senior charges, net profit was equivalent to $5.08 a share on the common stock, as against $3.29 a share the year before.

In referring to sales, Samuel Bronfman, president of the company, pointed out sales in the United States during the last quarter of the fiscal year were unusually high, due largely to heavy buying in anticipation of the increase in Internal Revenue taxes which came into effect on July 1.

Stronger Balance Sheet

Reflecting expansion of earnings, the balance sheet shows considerable strengthening as at the year end. Consolidated current working assets exceeded all liabilities by $43.8 millions, an increase over the previous year of $3.3 millions. Notes payable to banks increased from $2.5 millions to $7 millions, while accounts receivable jumped from $8.5 millions to $18.7 millions. Cash on hand was nearly double at $3.7 millions. Inventories remained unchanged.

During the year the company spent on capital account $1.7 million and fixed assets now appear on the books at $14.2 millions.

More Common Shares

The consolidated balance sheet shows a reduction in outstanding preferred stock from $16,360,000 to $16,030,000, while the number of common shares issued increased from 1,743,495 to 1,752,645.

Aunor's Output Sharply Higher

Treating both a larger tonnage and a better average grade of ore, Aunor Gold Mines showed a substantial expansion of output in the three months ended Sept. 30. Value of production amounted to $427,522, compared with $297,752 the preceding quarter and $204,171 in the first quarter, the initial period of operations.

Confirming previous pilot drilling results, crosscutting has intersected ore on the new level at 1,125-ft. depth. Drifting is expected to get under way here shortly.

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A74

Profits Tax Revision Slated

(Continued from page 1)

had losses in two or three of the base years, it is not required to deduct these losses from its taxable income in the other years. But the average is still determined by dividing the one-, two- or three-year taxable income by four.

Tax Unfair

It is claimed that in this respect the Canadian Excess Profits Tax Act is unfair. The British Act provides for a series of alternative periods running from 1935 to 1939. A company can select two or more of these years which it considers to be normal years and then arrive at its standard profit by dividing by the number of years actually being considered. For example, a company might select 1935 and 1939, or 1936 and 1939 or any other combination. But it would only divide the total thus obtained by the number of years actually included.

The result is said to be that it is the exception rather than the rule for companies in Great Britain to appear before the board of referees in that country to ask for special consideration.

Strong support for some such change in Canada is rising in influential quarters.

Fear Inventory Losses

Another point causing a lot of worry to corporations is the provision for inventory reserves. It is claimed that the present regulations do not provide adequate protection for companies which have had to expand operations in the past year or two, probably because of their contribution to the war effort.

The present basis, even though it allows for special inventory reserves, would likely result in many companies finding themselves at the end of the war with inflated inventories on which they had paid income taxes. A heavy loss would be inevitable if a postwar deflation set in but the companies would have no reserves to absorb such losses.

One suggestion is that inventories should be valued on the basis of prices as from a uniform date, possibly Dec. 31, 1939. In this case the income tax department would get all the revenue that was coming to it but the postwar shock would not be too great.

Others point out that such basis would not work for all industries. Wool, for example, had risen 70% to 80% by the end of 1939, but it is understood that rulings have already been obtained from the department to cover such cases.

Borrowings

Under the present "excess" profits tax, capital invested does not include borrowed money. This must be deducted in making such calculations. This provision, it is claimed, works against capital expansion by private interests, often interfering with exporting industries. There is a reluctance to borrow money when the return is low and the risk great.

In this respect, it is said that Canada's situation does not parrellel that of Great Britain. Canadian industry depends to a much greater extent than does British industry on borrowed capital.

WANTED
Acme Farmers Dairy Pfd.
Anglo Canadian Telephone "A."
Annandale Court Apts. 6½% Bonds.
Canada Bread 6% 1941.
Canada Wire & Cable Pfd.
Canadian General Investments Ltd.
Canadian Industries "B" Com. & Pfd.
Clarendon Apts. 7% 1946.
Dom. Woollens 6% 1953.
Kingston Shipbuilding Units.
Marcus Loews Theatre Pfd. & Com.
Ontario Tobacco Plantations Units.
Premier Trust.
Provincial Paper Pfd.
Toronto Carpet Pfd. & Com.
Traders Finance "A" Pfd. & Com.
United Corps "A," "B" & Bonds.
Western Grain 6% 1949.
Correspondence Solicited
A. J. Pattison, Jr. & Co.
Royal Bank Bldg., Toronto
EL. 5101

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Everyone should read this biography of the man to whom the Empire turned in its hour of desperate need. Illus. $4.00.

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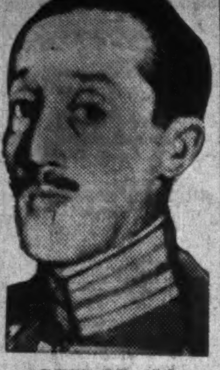
LORD HAILSHAM

London Calling

by Atticus

General's Death Recalls 1920 Episode When He Barred Way of Turks, Now Potential Ally of Britain, Against the Greeks, Now in War Against Italy



DUKE OF ALBA

LONDON.—The recent death of General Sir Charles Harington reminds one of the strange things that can happen with the whirligig of time.

In 1920 Sir Charles succeeded Sir George Milne, now Lord Milne, as Commander-in-Chief of the Army of the Black Sea. Within a few months he found himself in one of the most difficult situations ever confronting a British General.

The Greeks had been defeated by the Turks, and part of Mustapha Kemal's army wanted to make the defeat a rout by a flanking movement. This brought them up against the British wire, for the British barred the way.

Mr. Lloyd George's Coalition Government was in power, flushed with a sort of consumptive brilliance which gave the false impression that it would live for ever. It was a glittering Ministry with such stars as F. E. Smith, Winston Churchill, Lloyd George, Austen Chamberlain, and Bonar Law, to say nothing of the unobtrusive Stanley Baldwin.

Mr. Lloyd George had encouraged the Greeks to go to war, and was naturally embarrassed by the turn of events which brought the Turkish forces face to face with the British.

* * *

Strange Query

It was at this moment that the Coalition Government sent out a most astonishing query. If my memory is correct it was on a Saturday when the Governments of the Dominions received a cable asking whether, in case the Chanak situation resulted in war with Turkey, the Dominions would assist the Mother Country.

Never before had the loyalty of the Empire been made the subject of question in that fashion. However, the self-restraint of the British troops, the wisdom of Mustapha Kemal, and the tact of Sir Charles Harington contrived to keep a troubled peace.

There is not space here to deal with the tragedy of the Greek disaster, but who could have foreseen that, 20 years later, Turkey would be our potential ally in the hour of crisis and that the Greeks would be on the same side?

* * *

Peaceful Death

The truth about the late Sir Charles Harington is that if he had taken up diplomacy as a career instead of soldiering he would have risen to outstanding eminence. He possessed the unusual combination of inexorable determination with a courtesy that never failed.

This quality of tactfulness was much needed in the last war when after a distinguished career in France he was sent to Italy with General Plumer to retrieve what he could from the October disaster of Caporetto. He ended the war as deputy to Sir Henry Wilson, that glittering, penetrating and not too reliable soldier who had become Chief of the Imperial General Staff.

Harington's subsequent appointments to the Northern Command at home, the Western Command in India and then to Gibraltar led many of his friends to hope that he would eventually become Chief of the Imperial General Staff. That, however, was not to be. He retired from active service and his death took place in the peaceful, unwarlike setting of Chelmsford. As a soldier of distinction he earned the nation's gratitude; and his wise restraint at Chanak gave special cause for us to remember his name.

* * *

Bomb Snobs

My recent journeys to the provinces have taught me that we Londoners are in danger of becoming bomb snobs. The other day I was in a university town which shall be nameless, and having discharged my duties to the nation, decided to spend an hour in a cinema before dinner. The attendant, however, refused to let me in as I had no gas mask. A friend procured one for me and we proceeded to sit through one of those Hollywood films which once seen are never remembered.

Suddenly a chatter of excitement spread through the audience until it was difficult—although, alas, not impossible—to hear the dialogue from the screen. Wondering if Rome was burning I made enquiries, to find that there had been an air-raid warning, the first for a long time. Subsequently at the hotel it was with the utmost effort and delay that we procured dinner. The town that has never had a bomb was in a condition of considerable excitement.

I was reminded of the difference between that quiet spot and London when I lunched recently with the Duke of Alba at the Spanish Embassy, when the sirens played incidental music as we gathered and as we left.

* * *

Bomb Lottery

The Duke of Alba changes little in temperament or appearance with the passing of time. It is said that as a young man his lean figure and sharp features made him look older than his years. Now in middle age they make him look younger than he is.

One is never quite sure in these days that the obstreperousness of events might not prove a severer of companionships, but certainly the Spanish Ambassador has won a unique place in the friendship and esteem of the British people.

Naturally we talked of bombs, and the Duke's face looked preternaturally solemn.

"Let me tell you," he said, "that for more years than I can remember I always bought tickets for the Spanish lottery. Never once did I draw a prize or get my money back. The odds were too big.

"I now look at the bombing of London as a German lottery, in which the odds are so heavy that it is practically impossible for any given person to get hit by a bomb. So I sleep in my bed soothed by my long years of disappointment in the Spanish State gamble."

* * *

The small luncheon party included Lord Hailsham, who recently had occasion to doubt the complete justification of his host's philosophy. He was dining with his M.P. soldier son at a Pall Mall club. A violent explosion destroyed part of the building and reduced the dining-room almost to chaos. Lord Hailsham was sitting by a window facing on Pall Mall, but, beyond being covered with dust, he was unharmed. "Still, I was very glad," he said, "to have my boy Quintin to help me out of the place."

* * *

At the Chateau

Last January I made a visit to France and found myself at Arras, which, as G.H.Q. was there, was always spoken of as "Brassard." It was bitterly cold and deep in snow, and an invitation to dine at Air Vice-Marshal Blount's mess promised a welcome change from the none too comfortable hotel.

My host proved to be an interesting study. For a man in the Services he had a curious and almost elaborate suavity of manner which was, however, in no way deferential. He carried himself with an elegance which would have been in keeping with that particular château before it was stripped to become an officer's mess.

One felt that here was a man who, if he had not dedicated himself to a life of action, might well have been a dilettante. Yet his long career in the Air Force was a brave and distinguished one. In addition, as one of his junior officers whispered to me, he had done something teriffic in his youth when batting for Harrow against Eton.

His abiding faith in the Air Force was rewarded when in July, 1939, he was promoted to the rank of Air-Vice-Marshal. It is pitiful that the career of such a man should end at the early age of 46 in an inexplicable air accident. He was being flown on duty in this country when his machine crashed, and he was killed.

* * *

Belgian Patriots

Neither M. Pierlot, the Belgian Premier, nor his Foreign Minister, M. Spaak, will have any occasion to doubt the warmth of their reception by Britain. After their King had capitulated they went to France to continue the struggle. When France capitulated they escaped to Spain, and, after many anxieties and tribulations, finally got away to Lisbon, and now have arrived in London.

M. Pierlot, who is 55, did his best to maintain Belgium's neutrality, and refused even to have staff conversations with the Allies. But all that is forgotten in the defiant patriotism with which he refused to connive at surrender.

M. Spaak, who is now only 39, was M. Pierlot's predecessor as Premier, surely one of the youngest men to occupy such a post in modern times. He is an ardent Socialist and possessed of an impetuosity which has led him into many exciting situations and which ended his brief premiership.

He is utterly fearless, and his fiery nature will add strength to the little band of exiled European statesmen in London who are determined to re-establish the cause of liberty in Europe.

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The Post-Bag

Sweep Salvaged

That "sweep" for Roosevelt requires analysis. He polled a million fewer, and the Republicans five million more, votes than in 1936 . . . Whaley-Eaton Service says the result was a tribute to Roosevelt personally. No other New Dealer could have won, and Roosevelt himself would have lost had he not taken the stump the last few days.

* * *

Magnum Opus

Gilbert T. Stephenson, whose new book "Trust Business in Common Law Countries" was reviewed on this page last week, took more than a decade to compile this magnus opus. He travelled extensively in all parts of the world in his capacity as director of the trust research department of the American Bankers Association under whose auspices the book is published.

Mr. Stephenson holds the Canadian trust company business in high regard. He singles out the guaranteed accounts of the Canadian companies as of special significance and comments especially on the relations between banks and trust companies in this country.

J. Ragnar Johnston, Toronto manager of the Crown Trust Co., says no one is more qualified to write on this subject than Mr. Stephenson. He has been not only a practising lawyer but for some years a senior executive of a trust company himself.

* * *

Dirty Anyway

The spirit of the British people was thumbnailed in a 19-word cable received by Paul G. Hoffman and R. A. Hutchinson from Bertie Henly, Studebaker distributor of London, England.

Worried over the safety of their London associate, Mr. Hoffman, president of Studebaker Corporation, and Mr. Hutchinson, vice-president and general manager of Studebaker Export Corp., cabled Mr. Henly enquiring as to how he and his family were withstanding the Hitler air raids.

The reply came:

"We are all right thanks with chins right up. Lots of our buildings were dirty anyway. Love from everyone."

Up until the outbreak of the war, Mr. Henly's company, besides being the largest distributor of automobiles in the world, owned and operated their own airport in conjunction with the sale of airplanes.

* * *

Penguins

Some new war titles in the little 20-cent Penguin books:

"Science and War," in which 25 unnamed British scientists speak their collective piece.

"The Common Sense of War and Peace," in which H. G. Wells harangues for a clearer statement of war aims.

"New Ways of War," a curious mixture of "journalese" on strategy and leftist propaganda on war aims.

* * *

Lost Hours

Who loses the wages when an air raid over a British industrial town causes a stoppage of work? There is no uniformity in different trades.

The National Arbitration Tribunal has been puzzling over this question. Its policy seems to be: provision for extra hours at normal rates to make up for lost time. Where that is not feasible, then full payment for hours lost up to so many, and a proportion of the normal wage for the further hours lost.

* * *

Slightly Wrong

Business Week is usually pretty accurate. But it made three mistakes in one sentence the other day:

> "It was no surprise to Canadians that coal was put on a license basis as soon as the war started. Canada has little coal and, with supplies from Britain limited by shipping space, imports from the United States were rationed."

Most Canadians can spot the three errors. They're all in the last sentence.

* * *

A Wow

The German Ministry of Propaganda has been short-waving to the world the news that Charlie Chaplin's burlesque of Hitler, "The Great Dictator," is a flop.

In reply, a New York paper quotes the headlines in the current edition of Variety, trade magazine of entertainment:

"'Dictator' 20G in Buff Preem."
"Chaplin $34,000, 2 Chi Spots."
"Dictator $28,000 Cleveland."

What these headlines mean is that instead of being a flop the film was socko in all the key flicker spots.

Sees Greater Sacrifices By Canadians Necessary

Canadians must curtail their consumption of goods and services by approximately 10% or $250 millions in 1940, V. R. Smith, general manager of the Confederation Life Association told the Chattan Club, Toronto. This he said would be necessary despite increased production and exclusive of extra taxation.

This conclusion was based on a possible increase of $250 millions in the last government estimate of war costs this year. Mr. Smith reminded his audience that the Finance Minister at the end of September had refused to commit himself as to how much the estimate might have to be increased.

If Canadians are to continue to increase their war effort, further sacrifices would be necessary, he indicated. This would be done out of the margin between increased production and decreased civilian consumption.

Money, he emphasized, does not, in its strict sense carry on a war. It is only a medium of exchange which helps to distribute the burden of producing essential goods and services for war purposes from those actually producing them to the whole people.

Imperial Group Cuts Dividends

Imperial and "Pete" Reduced—Andian National and Royalite Unchanged

Further cuts have been announced in dividends paid by Imperial Oil Ltd. and its associated companies. Imperial Oil itself is paying 25 cents a share on Dec. 2 to shareholders of record Nov. 15. The payment made in June this year included an extra of 12½ cents a share and this marks the first time since 1933 that Imperial has not paid an extra of some kind.

International Petroleum, subsidiary of Imperial Oil, is paying 50 cents a share on Dec. 2 to shareholders of record Nov. 20. This company had previously been paying regular semi-annual dividends of 75 cents a share after omitting extras with the last 1939 payment. The latest declaration represents a reduction in the regular rate as well.

Andian National Corp., pipe-line subsidiary of International Petroleum has made no change in its dividend. This company is paying $1 a share, plux an extra of 50 cents (both in United States funds) on Dec. 2 to shareholders of record Nov. 20. This is the only one in the group to pay in United States funds.

Royalite Oil, crude oil producing subsidiary of Imperial operating in western Canada, is paying 50 cents a share on Dec. 2 to shareholders of record Nov. 15, unchanged from the last previous payment.

Pete Sets Pace

Reduction in dividend of Imperial is undoubtedly dictated by action on the part of International Petroleum. In recent years Imperial has obtained the larger portion of its income from subsidiaries, of which International Petroleum is the largest. Imperial has been experiencing substantially better sales volume in its Canadian operations but it is very doubtful if gain in profits from this source would offset the decrease in revenues from International Petroleum.

As for International Petroleum, the latest dividend cut probably reflects wartime loss of markets, particularly in Europe. Conquest by Germany of France and other countries, and entrance of Italy on the side of Germany, shut off former important markets for International Petroleum. It has been forced to seek for sales on this continent and in South America to replace lost markets.

Walkers Profit Up $1 a Share

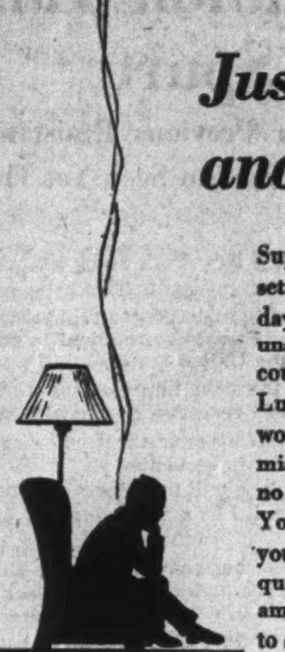
Gain Recorded in Last Quarter—Bank Interest Down

Hiram Walker - Gooderham & Worts reports net profits for the year ended Aug. 31, 1940, equivalent to $7.60 a share on 724,004 common shares. This compares with $6.58 a share for the previous year, in each case after providing for preference dividend requirements.

The whole gain took place in the last quarter of the year. For the first nine months net profits were equivalent to $5.38 a share against $5.37 a share for the corresponding period a year earlier.

Some features of the preliminary report are the increase of about $900,000 in taxes and the reduction in bank interest by $50,000 to $61,894. The latter item hints that the complete annual report, which will probably be available in about a month, will show bank loans substantially reduced from the $3 millions reported at Aug. 31, 1939.

For the quarter ended Aug. 31, 1940, the company reports consolidated net profits equivalent to $2.22 a share on the common compared with $1.21 a share in the corresponding three months of 1939.



Just stop and think . . .

Suppose it was necessary to settle your estate under today's turbulent conditions. An unskilled person would have countless opportunities to err. Luck and common sense would perhaps prevent some mistakes. But there is really no substitute for *experience.* You owe it to yourself and your family to investigate our qualifications — prominent among which is experience — to serve as your Executor.

Every account receives close personal attention of a senior Executive.

Crown Trust Company

Executors :: Trustees :: Financial Agents

MONTREAL TORONTO

Quick Action on PLANT MODERNIZATION when you take advantage of

JOHNS-MANVILLE BUILDING SERVICE and MATERIALS

JOHNS-MANVILLE JM PRODUCTS

★ J-M BUILT-UP ROOFS ★ J-M CORRUGATED TRANSITE SIDING ★ J-M INDUSTRIAL FLOORING ★ J-M INSULATING BOARD PRODUCTS ★ J-M ASBESTOS WALLBOARDS ★ J-M ROCK WOOL INSULATION ★ J-M INDUSTRIAL INSULATIONS ★ J-M PACKINGS ★ J-M GASKETS ★ J-M REFRACTORIES

and many other essential materials for factory, shop, mill and office

CANADIAN JOHNS-MANVILLE CO., LIMITED, TORONTO 6, ONT.

London Tailored for Simpson's!

"AILSA CRAIG" OVERCOATS

We single out these overcoats for honorable mention, because they were tailored in London, where putting extra style into coats is a tradition. From the moment of your first public appearance in your "Ailsa Craig" you'll be stamped as a man of quiet good taste. For "Ailsa Craig" is recognized as an overcoat masterpiece. Rich greys, browns, and blues . . . in characteristically English single or double-breasted raglan models. Sizes 36 to 46. Each 49.50.

49.50

BUDGET CLUB TERMS AVAILABLE

Above we've sketched a swagger single-breasted raglan that combines good looks with plenty of easy-fitting comfort.

At right—Ailsa Craig double-breasted raglan with storm-collar — perfect for all-round winter wear.

Simpson's

THE STORE FOR MEN SECOND FLOOR

★ SPECIAL ★ SUPER
★ CENTURY ★ ROADMASTER
★ LIMITED

The Stars are out- ALL FIVE!

All plus-powered with the new FIREBALL* ENGINE

All party-dressed in 1941's SMARTEST STYLE

VISIT any McLaughlin-Buick showroom and you'll see the bright stars of the 1941 season—the finest automobiles Buick ever built.

Here are *five* series of Buicks that are gorgeously new from dreadnaught bumper to direction-signalling taillight.

You'll spot a sprightly SPECIAL with modern new features by the dozen.

You'll size-up a 125-horsepower SUPER that's still the shiningest style-car of the season.

You'll lay eyes on a CENTURY broader, longer, bigger in every way, with an additional twenty-nine horsepower under its thrusting hood—and a ROADMASTER that's its rival in action and the very picture of super-streamlined grace.

And the Buick LIMITED offers close to twenty feet of sheer spacious luxury.

All this your wonder-wide eyes will tell you, then your ears begin to take things in.

You'll learn about Buick's lower-swung weight—a better, steadier, softer ride.

Here are sensational new micropoise-balanced engines — FIREBALL Eights that get extra lift and power-wallop from still further progress in Buick's exclusive Dynaflash combustion principle—*here's brand-new Compound Carburetion that combines the lift of an extra engine with economy stepped up a full 10% to 15%!*

Here are rugged new frames and new Flash-Way signals. New quiet-easy Concentric Shifting and new Permi-firm steering. New lovely body lines and new inside roominess. New instrument panels, new oil-bath air cleaners, new concealed running boards—even new clocks.

When you see Buick you've seen the best of the bunch. Make it the first one you see for '41, the first one you try out. That way you'll save yourself a lot of fruitless looking around.

**According to the Encyclopaedia Britannica, a super meteor which travels with a series of explosions like the shock waves of a great projectile is called a "FIREBALL."*

"Best Buick Yet"

M-348

Investment Trends

Election, Inflation Talk Start Market Spurt

Stocks Break Through Previous Resistance

Points But No Clear Indication Seen Yet That Move Will Go Far

Immediate post-election gloom on the New York Stock Exchange soon gave way to a rebirth of inflation sentiment. This appears to have been due to Secretary of the Treasury Morgenthau's announcement that a sharp increase in debt limits would be required in order to finance the defense programme of the United States.

Mr. Morgenthau wanted to raise the debt limit for the United States to $65 billions and to end the tax exemption of municipal and state bonds. The immediate result of this announcement was a spurt in commodities and a rather fitful move in securities.

The question of the moment is how long will the improved market action last. So far it has been accompanied by a fair volume of sales for the first time in weeks.

But in spite of the exceptional rate of business activity, the sharp improvement in many commodity prices and the seeming lack of anything resembling overspeculation, many careful stock market students go so far as to suggest that any further gains might better be regarded as an opportunity to lighten holdings than for further purchases of stocks.

Significant Points

For those stock market students who place importance on statistical performances, the significant fact of recent days trading has been the ability of stock markets to penetrate above levels which marked the end of previous recoveries. This has been true in New York, Montreal, Toronto and London. At the close on Nov. 9, the Montreal industrial share average was 2.1 points above its Sept. 5 peak of 70.6; Toronto industrial index was 1.09 above the 105.28 reached the same date; while New York Dow-Jones industrial share index was about three points above its 135.10 of September.

Any further gains from here on might be selective and not embrace the whole market as has been the case for the recent rise.

• • •

The Millers Report

Canada's flour milling industry has now issued its annual reports. As two of these companies end their years on July 31 and the other three on Aug. 31, the war has been a prime factor in operations for practically all of the years just closed. Some key figures from these reports follow:

Operating Profits

	1940 $000	1939 $000
Western Canada	571	315
Lake of the Woods	1,040	943
St. Lawrence	294	266
Maple Leaf	1,211	829
Ogilvie*	687	530

*Does not include $775,000 other income in 1940 and $920,000 in 1939.

Net Profits

	$000	$000
Western Canada	216	51
Lake of the Woods	477	609
St. Lawrence	132	162
Maple Leaf	317	394
Ogilvie	905	996

Working Capital

	$000	$000
Western Canada	725	354
Lake of the Woods	1,262	1,085
St. Lawrence	595	361
Maple Leaf	1,197	881
Ogilvie*	11,421	11,560

*Investments taken at market values.

Two factors stand out from the reports of operations last year. Sales increases were general in both the domestic and export fields. But export markets have narrowed down to one major field—the United Kingdom. This has meant higher operating profits, in some cases more than offset by the added tax burden.

Following along this line, it appears that a good volume of sales can be expected for the current year. The domestic market should be well maintained in the light of the combination of an abundant wheat supply and growing purchasing power. Exports to the United Kingdom appear also likely to hold a satisfactory level although there are many unpredictable factors here. There is danger of bombing damage to British mills, resulting in heavier demands on imports and on the other hand, transport difficulties under war conditions.

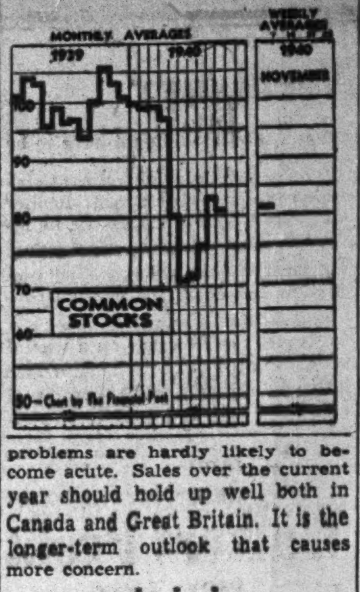
• • •

Looking Farther Ahead

It is never a good thing for a business that has to have a heavy export volume to be restricted to one market. This is true even when the market is as large and as protected as that the Canadian millers enjoy in Great Britain. Before the war many European countries bought Canadian wheat and flour in large quantities. These markets are now controlled by the enemy and lost to Canada. If anything should happen to the British market, the situation would become serious, as domestic needs can be supplied with a small fraction of present milling capacity. The present strenuous competitive position would probably be intensified.

Even in the United Kingdom it is understood that all flour sales go under one brand now. This "G-R" brand actually means that Canadian mills lose their identity to British consumers. Brand preferences laboriously established by the big millers disappear.

For the immediate future these problems are hardly likely to become acute. Sales over the current year should hold up well both in Canada and Great Britain. It is the longer-term outlook that causes more concern.



• • •

This Hurts Optimism

Investor confidence in Canada got another shock this week when Imperial Oil and International Petroleum announced further dividend cuts. This time Imperial itself is omitting any extra and going back to the regular 25-cent half-yearly payment alone. International Petroleum has already omitted former extras and this time it cuts its former regular 75-cent semi-annual to 50 cents.

Probably these moves are only recognizing something that should have been done before in that dividends must eventually come back to the level of earnings if serious trouble is to be avoided. The past policy of liberal dividends for these two companies was admittedly based on the theory that the companies had a lot of liquid capital that could not be employed profitably in their respective businesses and this was to be returned to shareholders. This capital has been distributed and earnings have failed to come up as hoped.

Thus we have logically had a succession of dividend cuts which have effectively exploded the idea prevailing in Canada for many years that Imperial would never cut its dividend. For International Petroleum the latest action probably reflects the difficult conditions prevailing since the war started, conditions quite contrary to those forecast prior to the war or even in its early months. The oil business has not found prosperity from the war—apparently quite to the contrary in this case.

Trust Company Official Honored By U. S. Body

G. L. Spry, advertising manager of The Huron & Erie Mortgage Corp. and Canada Trust Co., has returned from the silver anniversary convention of Financial Advertisers Association in Hot Springs, Va., where he was re-elected Canadian director for a further term.

This is an international organization of financial institutions using advertising in various forms for promoting their business. Delegates were in attendance from 30 states and two Canadian provinces. Cleveland was selected for the 1941 convention.

Marcus Loew's Arrears Plan May Change

Exchange Rules May Block Sending Funds to U. S. Shareholders

Annual report of Marcus Loew's Theatres Ltd., for year ended Aug. 28, last, to be ready late this month, will show volume of business at least maintained if not increased from the previous 12 months.

Net profit, on the other hand, probably will be less than in the previous 12 months, The Financial Post learns—due to increased corporation taxes. Net of $121,007 was shown in year ended Aug. 30, 1939, which was ahead of any previous year since 1926 except for 1938.

The hope expressed at the annual meeting last December by F. M. Kimbark, vice-president, that the company would be able to pay off all arrears on the 7% preferred stock within two years—or by the end of 1941—is not likely to be realized, The Post understands. Nearly 20% of the company's shares are held by United States residents, and due to tightening up of regulations by the Canadian Foreign Exchange Control Board, it may be found necessary to stop arrears payments or at least to spread the distributions over a longer period than at present. Policy in this respect and in regard to dividend and arrears payments generally is now being worked out.

Heavy Arrears Payments

The company paid $3.50 per share on account of arrears in the calendar year 1938, $24.50 last year and $5.25 in the first nine months of 1940—$1.75 together with each regular quarterly payment of $1.75.

After the latest payment on Sept. 30, arrears had been cut to $8.75—or 15 months behind. If it was possible to continue the arrears payment of $1.75 quarterly as done this year—and this can be done and still leave a surplus on earnings, judging from present level of profits—the last of the arrears would be cleared off with the Dec. 30, 1941, distribution. Dividends rate of $7 per share per annum, plus arrears payments totalling $7, requires only $91,500 in a 12 months period, and net profit in the 1939 fiscal year was $121,007.

Marcus Loew's owns two motion picture theatres in Toronto, one of which is operated by the company and the other under lease by Famous Players Canadian Corp. The war has not adversely affected attendance—to the contrary, probably has benefitted it. Gross revenues of motion picture exhibitors move directly with national income, and Canadian payrolls have increased substantially since the outbreak of war.

Promise of payrolls further increasing as war production swings into capacity, probably within the next 12 months, suggests the company may enjoy additional expansion in volume during the fiscal year now under way and ending about Aug. 27, 1941.

Loew's London Volume Holds

Annual report of Loew's London Theatres, Ltd., for year ended Aug. 29, last, to be ready late this month, will show volume of business at least maintained if not increased from the previous 12 months. Net profit, on the other hand, probably will be less than in the previous 12 months, The Financial Post learns—due to increased corporation taxes. Net of $11,816 was shown in year ended Aug. 31, 1939.

Loew's London operates a motion picture theatre in London, Ont. The war has helped attendance by raising spending power.

Promise of payrolls further increasing as war production swings into capacity, probably within the next 12 months, suggests the company may enjoy additional expansion in volume during the fiscal year now under way and ending Aug. 28, 1941.

No immediate and substantial improvement in dividend payments can be foreseen. The company paid 3½% on the 7% preferred stock during the latest fiscal year, compared with 1¾% in the previous 12 months. An additional payment of 2½% is being made Nov. 20, and after giving effect to this, arrears at Dec. 31, 1940, total 36%.

A substantial increase in the current earnings level is necessary to maintain the dividends as required under the present capital set-up. About $23,600 annually would be required to service the presently outstanding preferred stock totalling $337,410, and in no year since 1932 has the figure equalled or exceeded this.

United Farmers Does Better

Better earnings were shown by the United Farmers Co-operative Co., Toronto, in fiscal year ended Sept. 30, last, compared with the previous 12 months, The Financial Post learns. The company had net profit of $54,555 in the 1938-39 period, which in turn was substantially higher than any previous year since 1929.

United Farmers is a co-operative marketing organization, operating chiefly in Ontario. It markets cream, eggs, poultry, livestock, seeds, grain, vegetables, hay and straw, while it also provides the farmers with flour and feed, fertilizers, and many other farm supplies. Principal properties include seven creameries, egg and poultry and cold storage plants, a seed plant and warehouses.

Foreign Exchange

During the week Nov. 5 to Nov. 11 there was no change in the quotation to the United States dollar at Toronto and Montreal, which was $1.10 for buying and $1.11 for selling. The sterling rate likewise was unchanged at $4.43 buying and $4.47 selling. The rate is published daily by the Foreign Exchange Control Board.

Other Currencies, Nov. 11

Australia	3.58	N. Zealand	3.61
India	.3369	S. Africa	4.47
Japan	[illegible]	Hong Kong	[illegible]

Market Opinions

Recent action of stock prices in moving higher has prompted observers to wonder if this signalled the advent of a new bull market.

Barron's, N.Y. (The Dow Theorist)—The industrials went to 135.10 late in September and the rails to 29.37 early in October. The latter highs were penetrated last week, and in between there had occurred only a dip of apparently minor consequence. Viewed in this light, the latest movement would be merely an extension of the secondary uptrend which began late in May and early June. But, still looking only at the chart, a broader interpretation is possible. . . . The sidewise movement since Sept. 5 looks very much like a "line" . . . I would not let the lack of a one third to two thirds correction in this instance stand in the way of a bull-market reading, were it not for the surrounding circumstances . . . .

The surrounding circumstances are that steel operations are at capacity and that other business indices are at high levels, a most abnormal situation at the time of a true bull market signal. Such conditions usually prevail when the averages make their last upward penetration of a bull market, often under the leadership of the steel stocks.

Therefore, I will admit that I am puzzled about the direction of the primary trend. Certainly this latest signal is far from being as conclusive as was the bear-market signal of last May. If we are in a bull market, it is one for the investor or trader to approach only with great caution.

• • •

Brookmire Counselor, New York—The sharpness of the rise in stock prices that occurred two days after election illustrated the responsiveness of the market to favorable developments and to inflationary influences in particular. News from abroad must be scrutinized with great care for its implications here; but in the course of time, the expansive and inflationary forces should be increasingly effective in lifting stock prices.

• • •

Barron's, N.Y. (The Trader)—Until the complexion of the 1941 first half-year earnings can be estimated with some accuracy, by means of the next tax bill, capitalistic buying is probably not likely to run wild. Though buying may be less headlong hereafter and carefully discriminatory because of divergent earning trends, the recovery of the American and English stock markets since last spring—in the face of the unrelenting German menace—must tend to set at rest fears of a prolonged serious breakdown in equity values.

• • •

Financial World, N.Y.—Speculative optimism is out of place at the present time. But the prospect of sustained good business, higher profits for numerous individual companies, and the increasingly inflationary general background (which means rising living costs), all appear to provide adequate reason for ownership of selected common stocks of good grade, as well as medium grade bonds and preferreds.

Investment Notes

Viceroy Manufacturing—First unit of an extensive building programme is expected to be completed by Dec. 15. This building will devote two floors to a machine shop and the top floor to manufacture of rubber goods. Further details of the programme are to be announced later.

S. E. C. reports of securities trading by company officials in September include the following of Canadian interest.

Canada Dry Ginger Ale — W. R. Bliss, officer, decreased holdings 300 shares to 1,020.

Robert Gair Co. — G. E. Dyke, officer and director, holds 100 common and increased preferred 100 to 1,200.

Granby Consolidated—J. B. Beaty, officer, decreased 500 to 2,500.

International Nickel—Reg Halladay, director, increased common 80 shares to 100. Thomas Morrison, director, gave away 500 common, leaving 30,197, and holds 1,600 7% preferred.

International Paper and Power—Ogden Phipps, director, holds no shares directly; through a holding company, in which his proportionate interest is not shown, decreased common 400 to 104,730, decreased 5% cumulative preferred 500 to 27,515 and decreased common warrants 5,200 to 124,531; also holds 450 5% preferred in trust.

Hiram Walker-G. & W. — G. T. Chisholm, director, increased common shares 100 to 600.

Of Outstanding Importance—

The production, commerce, and resources both developed and undeveloped, of the Province of Quebec comprise an important proportion of the wealth of the Dominion and form the basic security for the Debentures of the Province.

New Issue

Province of Quebec
4% Debentures
Due November 15th, 1952
Price: 99.50 and interest, to yield about 4.05%

Descriptive circular forwarded upon request.

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Toronto
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Wood, Gundy & Company
Limited

Significant Investors' Index Numbers

1926 = 100

No. of Securities	Mach. and equip. 8	Pulp and paper 7	Milling 3	Oils 4	Textiles and clothing 10	Food and allied prod. 12	Beverages 7	Bldg. mater. 15	Power and traction 15	Banks 8	Total utilities 19	Total co's. 95
1929-39:*												
High	432.5	113.4	273.4	423.5	113.5	197.8	204.6	281.1	197.6	131.7	166.0	198.3
Low	39.2	3.0	37.7	87.7	30.8	78.8	33.8	44.3	47.1	63.1	36.9	43.3
1940:												
Monthly Figures:												
Jan.	134.3	24.5	98.8	155.8	86.4	183.0	135.4	150.7	61.3	84.5	45.7	99.7
Feb.	129.3	23.4	98.4	158.2	90.7	184.3	134.0	146.8	60.3	84.3	45.3	99.0
Mar.	134.1	22.9	96.5	155.4	91.4	185.7	133.4	146.5	61.1	85.1	47.1	99.1
Apr.	132.5	24.6	95.9	147.6	91.6	184.7	137.9	146.4	61.9	83.8	47.1	97.0
May	102.6	16.3	77.6	124.7	80.5	165.0	117.9	115.8	52.0	79.7	39.4	80.4
June	93.2	13.1	62.9	100.2	70.3	144.1	106.9	103.3	47.0	74.7	35.8	71.9
July	92.0	13.9	67.1	101.3	74.5	145.8	114.2	102.3	47.1	70.0	35.5	72.5
Aug.	98.5	15.3	68.4	101.4	76.9	150.1	120.3	107.8	48.6	72.1	37.1	76.0
Sept.	107.0	16.5	81.0	120.9	81.9	163.1	124.9	121.0	51.3	76.0	39.3	83.2
Weekly Figures:												
Oct. 3	104.4	16.4	80.9	117.8	81.5	164.3	125.4	124.5	51.7	75.6	39.1	82.8
Oct. 10	103.7	16.5	81.8	117.5	81.4	163.3	124.5	124.7	51.3	75.0	39.1	82.7
Oct. 17	104.3	15.8	79.0	111.2	81.6	162.3	122.9	122.4	50.7	75.0	38.6	80.7
Oct. 24	105.2	16.1	73.7	110.1	81.7	162.5	124.9	122.9	50.9	76.0	38.8	81.1
Oct. 31	104.7	15.9	73.3	107.7	80.8	162.2	125.2	122.7	50.5	75.0	38.4	80.1
Nov. 7	107.4	16.7	68.1	111.2	81.9	162.7	128.4	126.2	50.7	74.9	38.8	81.7

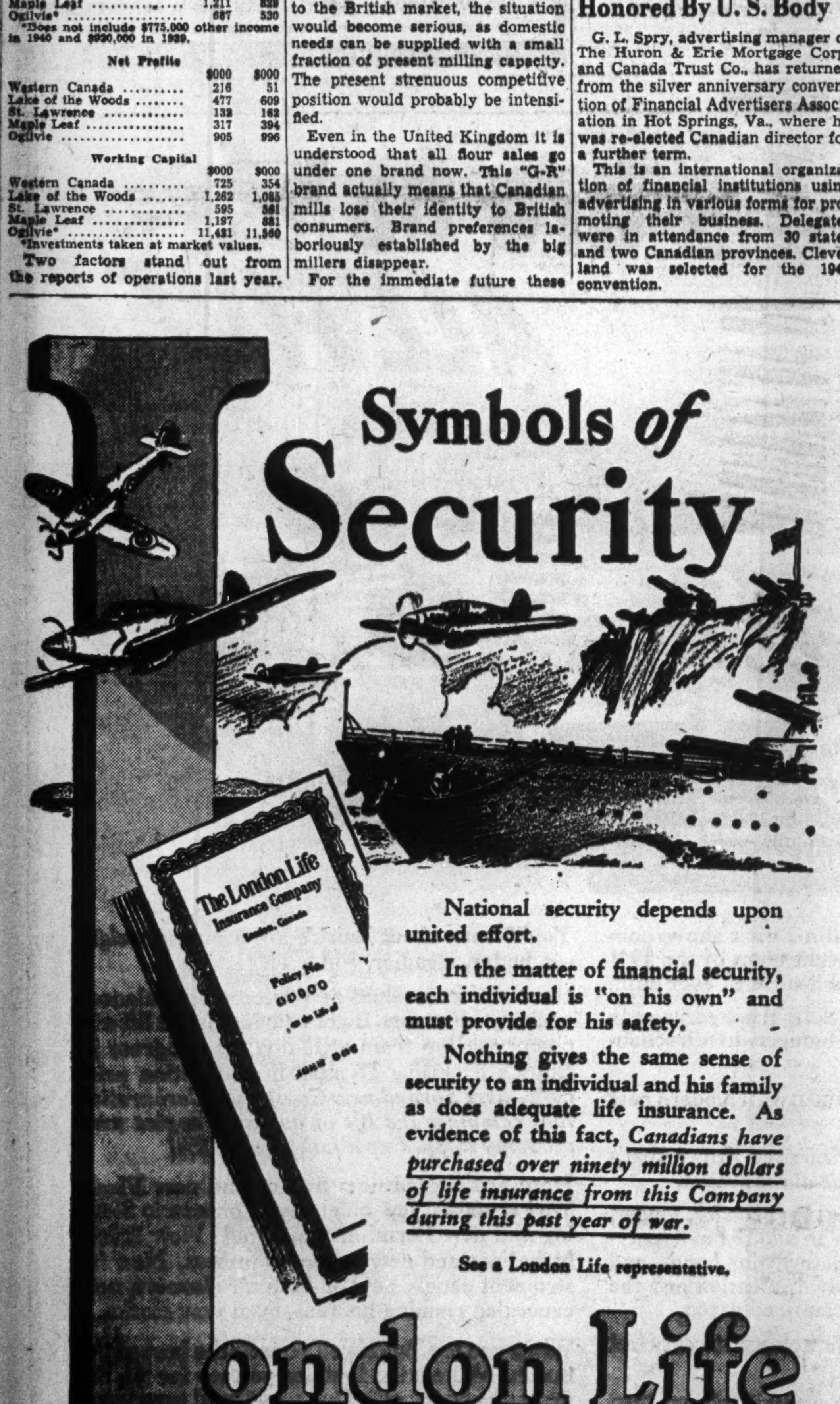
*High and low for year from 1929 to 1939 inclusive are based on weekly figures compiled from figures issued by Dominion Bureau of Statistics.

Toronto Stock Exchange Index

	20 Indust.	20 Golds	10 B.M.	15 W.O.
Nov. 12	105.82	112.02	72.63	23.05
Nov. 11	Holiday			
Nov. 9	106.37	112.20	73.37	23.03
Nov. 8	105.42	110.88	72.06	22.92
Nov. 7	104.88	109.66	72.98	22.62
Nov. 6	103.20	106.79	70.23	22.44
Month ago	101.94	99.31	67.43	21.90
Year ago	125.34	114.86	89.55	31.58
High 1940	128.84	123.80	88.97	33.31
Low 1940	86.00	77.34	56.81	18.44

Montreal Stock Exchange Average

	10 Util.	20 Ind.	30 Chd.	10 Pprs.	15 Golds
Nov. 12	56.6	72.2	67.0	96.19	81.79
Nov. 11	Holiday				
Nov. 9	56.8	72.7	67.4	97.00	80.53
Nov. 8	57.0	72.3	67.2	95.64	81.04
Nov. 7	56.7	71.6	66.6	95.88	80.36
Nov. 6	56.1	69.3	64.9	88.43	77.40
Month ago	55.5	68.3	64.1	86.33	74.18
Year ago	66.4	88.4	81.0	133.60	98.25
High 1940	69.2	92.2	84.4	152.63	100.81
Low 1940	30.7	56.0	54.7	66.44	55.18


The London Life Insurance Company
London, Canada
Policy No.
00000

Symbols of Security

National security depends upon united effort.

In the matter of financial security, each individual is "on his own" and must provide for his safety.

Nothing gives the same sense of security to an individual and his family as does adequate life insurance. As evidence of this fact, *Canadians have purchased over ninety million dollars of life insurance from this Company during this past year of war.*

See a London Life representative.

London Life
ESTABLISHED 1874
Insurance Company
Head Office - London, Canada

NEW ISSUE

$21,600,000
Province of Quebec
Sinking Fund and Serial Debentures
To be dated November 15th, 1940

$11,750,000 4% Sinking Fund Debentures to mature November 15th, 1952
(Callable on or after November 15th, 1950).

$9,850,000 Serial Debentures maturing $1,970,000 annually November 15th, 1941-1945
(2¼% - 1941 maturity; 2½% - 1942; 2¾% - 1943; 3% - 1944; 3¼% - 1945).

Principal and half-yearly interest (May 15th and November 15th) payable in lawful money of Canada in the Cities of Quebec, Montreal or Toronto at the holder's option. The 4% Sinking Fund Debentures will be redeemable at the option of the Province in whole but not in part on November 15th, 1950 or on any subsequent interest payment date on sixty days' prior notice at 100 and accrued interest.

Denominations: Sinking Fund Debentures..........$1,000, $500 and $100
Serial Debentures..............................$1,000 and $500

Debentures may be registered as to principal

Legal Opinion: Messrs. Montgomery, McMichael, Common & Howard.

In the opinion of Counsel, these debentures will be direct obligations of the Province of Quebec and will be a charge as to principal and interest upon the Consolidated Revenue Fund of the Province. The purpose of this issue is the refunding of loans heretofore effected by the Province aggregating $22,000,000 principal amount (less sinking funds), maturing October 1st, 1940 and December 1st, 1940.

A Sinking Fund of at least 1% will be provided annually for the Sinking Fund Debentures.

Particulars of the Funded Debt and other financial statistics of the Province are set out in the official prospectus which is available upon request.

PRICES:
4% Sinking Fund Debentures: 99.50 to yield about 4.05% to maturity.
*Serial Debentures: 100
(Plus accrued interest in each case)

*Subscriptions for the Serial Debentures will be received to include equal amounts in each maturity, providing an average yield of 2.916%.

We offer these Debentures on behalf of the Province of Quebec if, as and when issued and subject to the approval of Counsel. Subscriptions will be received subject to rejection or allotment in whole or in part. The subscription books may be closed at the discretion of the Selling Agent as to either or both issues at any time without notice.

It is expected that Debentures in interim form will be ready for delivery on or about November 22nd, 1940.

The Royal Bank of Canada
The Canadian Bank of Commerce
The Bank of Nova Scotia
A. E. Ames & Co., Limited
The Dominion Securities Corporation Limited
Wood, Gundy & Company Limited
W. C. Pitfield & Company Limited

Bank of Montreal
Banque Canadienne Nationale
La Banque Provinciale du Canada
L. G. Beaubien & Co., Limited
Royal Securities Corporation Limited
Collier, Norris & Henderson Limited
Nesbitt, Thomson & Company, Limited

Mills, Spence & Co., Limited
McTaggart, Hannaford, Birks & Gordon Limited
Mead & Co., Limited
Harrison & Company, Limited
F. W. Kerr & Co.
R. A. Daly Co., Limited
Burns Bros. & Denton, Limited
J. C. Boulet, Limitée
J. C. Rogers & Company, Limited
Garneau, Boulanger, Limitée
Clément, Guimont, Inc.
Paul Gonthier & Co., Limited
Crédit Anglo-Francais Limitée

McLeod, Young, Weir & Co., Limited
Cochran, Murray & Co., Limited
Kerrigan, MacTier & Co., Limited
Bartlett, Cayley and Company, Limited
Sweezey Securities Limited
Dyment, Anderson & Co.
Greenshield & Co Incorporated
Harris, Ramsay & Company, Limited
Hamel, Fugère & Cie., Limitée
J. E. Laflamme, Limitée
Dubé Leblond & Cie., Inc.
Canadian Alliance Corporation Limited

Bell, Gouinlock & Co., Limited
Savard Hodgson & Co., Inc.
René-T. Leclerc, Incorporée
Midland Securities Limited
Gairdner & Company, Limited
Matthews & Company
Aldred & Co., Limited
Société de Placements Incorporée
Ross Bros. & Co., Ltd.
Lagueux & DesRochers Limitée
La Corporation de Prêts de Quebec
Comptoir National de Placement Limitée

The statements contained herein are based upon information obtained from official sources but are in no event to be construed as representations by us.

November 12, 1940

Bond Markets

Action on Sirois Report Favors Western Bonds

Western Issues Move Up on King Announcement — Roosevelt Win May Smooth Way For Loan to Canada — Quebec Issue Sells Well

Two developments of the past week are regarded as highly significant to the Canadian bond market.

First is the announcement by Prime Minister King of a conference to be held in January with representatives of the provinces to consider findings of the Sirois Commission. Adoption of the report would result in sweeping changes in the Canadian bond picture, as the effect would be to practically eliminate present provincial bonds. Holders of provincial and municipal issues—more particularly of the Western provinces—likely would receive the most benefit. Holders of Dominion bonds appear to have little to gain, at least immediately or directly.

Prospects are seen of United States loans to Canada being pushed to the forefront by the Roosevelt victory in the American presidential elections. The resulting lightening of the fiscal burden of the war for Canadian investors would be welcomed, in view of the possibility of the Third War Loan coming within the next two months. It will follow a period of exceptionally heavy public provincial financing, climaxed this week by the $21.6 millions Quebec offering.

Quebec is the fifth province to seek public funds recently, and brings to a total of $46.6 millions the offerings made since early October. In addition, Saskatchewan privately arranged a $3 millions refunding on Oct. 1. New Brunswick, at least, has financing in immediate prospect to meet a Nov. 15 maturity.

Western provincial bonds highlighted the bond markets during the week, with issues up several points upon word that Ottawa is seeking action on the Sirois Commission report. The western provinces would be the ones to benefit most if recommendations were adopted. Speculative corporation bonds were more active than previously, with gains right down the list in sympathy with the flurry shown by the New York stock market. Demand is good for high-grade corporation bonds, while prices remain firm for the high-grade governments. New municipal financing has lapsed following the absorption by the market of several big issues, but demand remains strong.

* * *

Sentiment Improves

Response to the Quebec offering is reported encouraging and fully up to expectations. Sentiment of investors toward the province has improved steadily during the past year. This results from the backing up of words with figures by the new provincial administration to show it was sincere when it went into power late last year with the avowed purpose of straightening out the province's fiscal affairs.

It is true a deficit of $7.3 millions was reported in the fiscal year ended June 30, 1940, compared with surplus of $4.9 millions in the preceding 12 months. But the greater portion of the commitments for the 1939-40 fiscal year was made by the previous regime, and the former Government spent $68 millions in the first four months of the year compared with the new Government's expenditures of only $40 millions.

Furthermore, Hon. J. A. Arthur Mathewson, provincial treasurer, reports a surplus of $8.5 millions in the first three months of the current fiscal year, which began July 1, compared with a deficit of $7 millions in the same three months of 1939—the final period in which the former Government was in office. Not only were expenses cut by $4 millions to $16 millions, but receipts were almost doubled—from $13 millions to $24.5 millions.

* * *

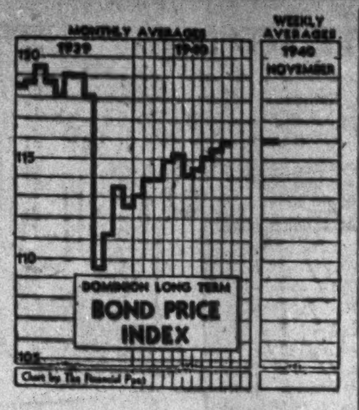
Drastic Changes

Investors foresee drastic changes in the present bond picture should the January conference achieve adoption of the Sirois recommendations without any changes. Not only would all present provincial bonds be eliminated, but the following through of the Commission's suggestion that provinces help out municipalities probably would have a similar effect on municipal issues.

Holders of provincial bonds would get higher grade securities, but those with issues selling below par on the other hand can hardly expect to retain all of what the report describes as "fortuitous" profits. True, the Commission favors carrying out the letter of the contracts, and the exchange of present provincial issues for new Dominion ones at like terms and interest rates. In this case a $100 par Alberta bond with current market value at $65 would be exchanged for a new $100 Dominion security with market value at approximately par.

There is no intention, however, of allowing this appreciation to work to too great an advantage to a bondholder. The Commission suggests a special capital gains tax, or a transfer tax on the first sale to offset such a capital gain.

Effects on Dominion bonds would be indirect. Ottawa, on the basis of the 1936-39 average returns, would assume additional annual expenses of about $40 millions, the Commission finds. This would be largely offset, the report declares, by broadening the income tax and through substantial savings from control of all Government financing.



* * *

Bond Index

The D.B.S. index of long-term Dominion of Canada bonds at 116.1 for the week ended Nov. 7 was unchanged from the previous week. It was 2.1 points higher than in the same week of last year and up 0.3 points from the same week of last month.

DOMINION OF CANADA
Long-term Bond Index

	Weekly average Nov. 1-7	Preceding week Oct. 25-31	Weekly average year ago
Price	116.1	116.1	114.0
Yield	70.8	70.8	73.4

Bond Redemptions

Bond Issues:	Rate	Year	Due	Price
Riordon Pulp ...	6%	1942	Dec. 31	105
Drilling Cont. ..	5½%	1943	Jan. 15	100
Eastern Car ...	†6%	1952	Jan. 1	105
Mississippi R. Pwr.	5%	1951	Jan. 1	103
Nan.-Dun. Util.	*5½%	1964	Jan. 2	104
National Light ..	6%	1949	Nov. 18	‡

‡Tenders called for $5,800.
†Drawn by lot $44,000.
*For sinking fund $7,000.

Stock Issues:			
Stand. Steel	Pref.	Jan. 2	†50

†Plus accrued dividend.

Bond Tenders

12 noon, Nov. 14, Canada Treasury Bills—$40,000,000, dated Nov. 15, 1940, payable Feb. 14, 1941.

Classified Advertisements

Classified ads. cost 4c. per word and figure for each insertion. Minimum ad 12 words. Add six words when box number is required. When replies are to be mailed to advertiser, add 10c. Classified ads. payable in advance. Contract rates on application.

Treasurer & Controller Available

EXPERIENCED Accountancy, Financial Statements, Costing, Company Reorganization, Systematising, Budget Control, Office Management, etc. Age 43 years, active and used to responsibility. Write Box 89, The Financial Post, Dominion Square Building, Montreal.

Quebec Province Offers $21.6 Millions of Bonds

From Our Own Correspondent

MONTREAL.—Province of Quebec is offering $21.6 millions of debentures through a large syndicate, headed by A. E. Ames & Co., which reports the response as fully up to expectations.

The offering, entirely for refunding, is comprised of:

$11,750,000 of 4% sinking fund debentures, dated Nov. 15, 1940, maturing Nov. 15, 1952. The debentures are callable on or after Nov. 15, 1950.

$9,850,000 of 2¼%-3¼% serial debentures, dated Nov. 15, $1,970,000 maturing annually Nov. 15 as follows: 2¼%-1941; 2½%-1942; 2¾%-1943; 3%-1944, and 3¼%-1945.

The 4% sinking fund debentures are offered at 99½, to yield 4.05% to maturity. The serial debentures are offered at 100. Interest is payable in Canadian funds.

Reports Finances Improved

Substantial improvement in the province's finances is reported in the offering prospectus over the signature of Hon. J. Arthur Mathewson, K.C., provincial treasurer.

In the three months of the current fiscal year to Sept. 30 an over-all improvement of $18.4 millions is shown over the similar period last year.

Following is a financial statement issued by the province:

Revenue and Expenditure
For Three Months Ended Sept. 30

	1940	1939	Improvement
	—in 000's of dollars—		
Receipts‡ ...	24,456	13,038	11,398
Ord. expend..	16,264	20,186	3,922
Cap. expend..	6,571	9,629	3,058
Surplus	1,621	*16,757	18,378

‡Includes $5,154,000 deferred revenue 1939-40. *Deficit.

Expect Ordinary Surplus

In the prospectus statement, Hon. J. Arthur Mathewson states:

"It is confidently expected that the results will be materially better than originally forecast, that a substantial surplus will be available and will be applied to capital account after paying all ordinary expenditures, including direct relief and other expenditures formerly classed as extraordinary.

"With capital requirements it may be pointed out that, while at the time the budget was brought down, these were reduced to $32 millions, steps have been taken to further curtail and eliminate these wherever possible, and it is now estimated that capital requirements pertinent to the current fiscal year will not exceed $22 millions.

Total funded and unfunded debt is shown at Nov. 4 this year, after giving effect to the present financing, at $411.9 millions, compared with $404.9 millions at June 30, 1940.

Following is a statement of debt contained in the prospectus:

Debt Position
At June 30

	1940 $000's	1939 $000's
Direct funded debt	383,846	294,673
Less: Sinking fund	32,026	29,677
Net funded debt	351,820	264,996
Floating debt	22,928	52,880
Contingent liabilities ..	13,266	13,199
Deferred liabilities	16,926	16,984
Funded & unfund. debt	404,940	348,059
Less: Active assets	59,722	52,654
Net debt	345,218	295,405

Net Debt
At June 30
(In 000's of dollars)

1940	345,218
1939	295,405
1938	233,595
1937	188,806
1936	169,729

Celanese Corp. Earns $1.24 in Third Quarter

From Our Own Correspondent

MONTREAL.—Celanese Corp. of America reports a net profit of $8,719,881 for the 12 months ended September 30. This is after provision for Federal income tax.

Earnings during the third quarter, after taxes, amounted to $2,085,010 or $1.24 a share on 1,112,788 common shares still outstanding after Dec. 10 stock dividend.

TO REDEEM BONDS

National Trust Co., Toronto, trustee for the 6% first mortgage bonds, series "B," of National Light & Power Co., announces it has on hand about $5,800 to be used for purchase of bonds for the sinking fund.

Whose Risk?

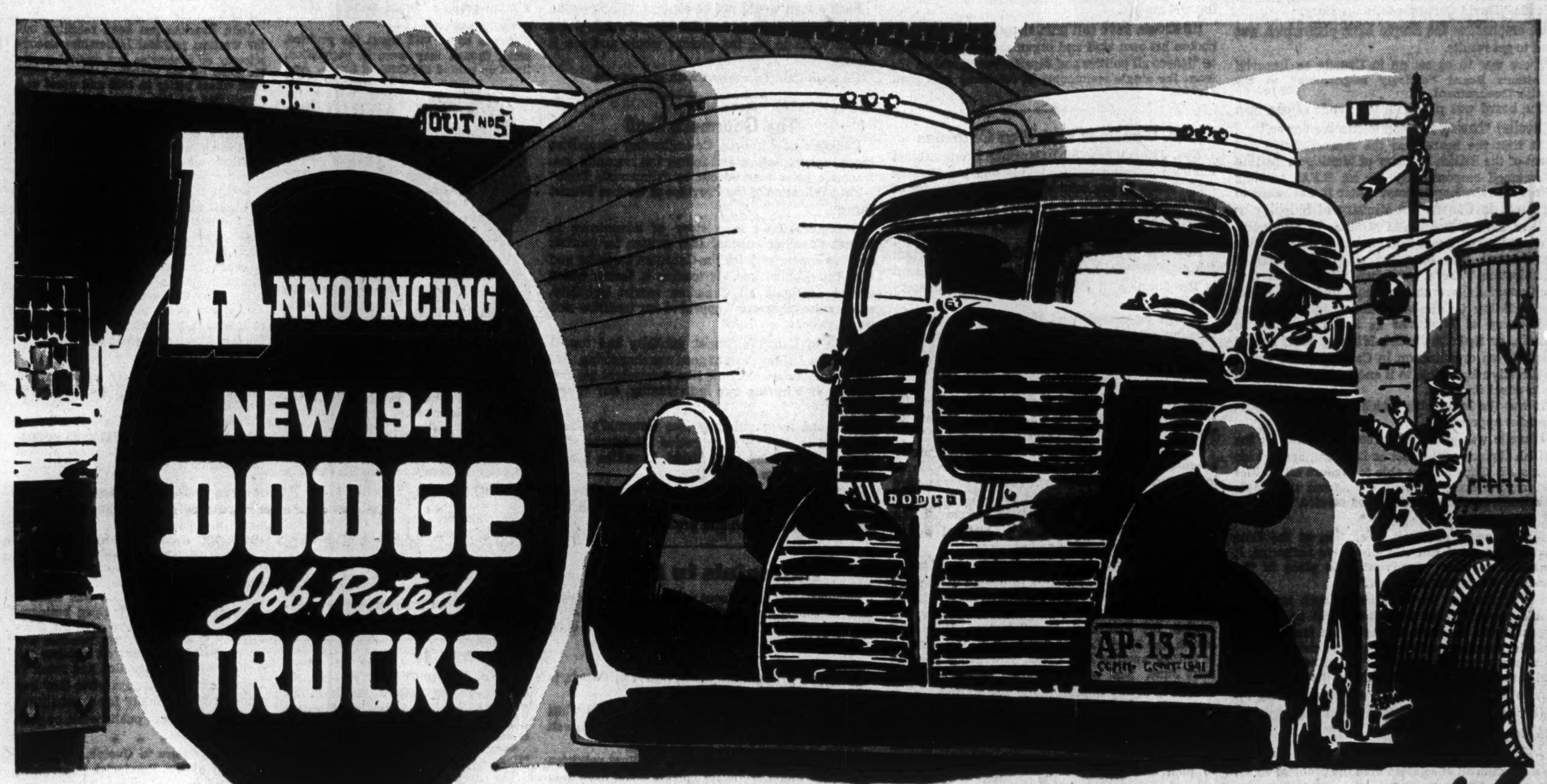
Theirs?.. Yours?.. or Ours?

Out of current income you must provide for present needs and future requirements for family protection and personal retirement.

If you cannot do this, then inevitably either your family will suffer hardship if you die, or you will be dependent on your children or the state in later life.

We will assume your risks under separate family protection and personal retirement policies, or will cover both needs in a unique insurance-pension plan.

PROTECTION
THE EQUITABLE LIFE
INSURANCE COMPANY OF CANADA
HEAD OFFICE—WATERLOO, ONTARIO



More than ever.. built to fit the job!

17
STANDARD
TRUCK FRAMES
ON 16
WHEELBASES

DODGE builds better trucks . . . builds them to last longer on your job . . . builds them to lop dollars off your hauling or delivery costs . . . builds them to make your truck driver's day easier and more efficient.

When you buy a Dodge Truck you get the benefit of all that Dodge has learned during 25 years in the truck business. Dodge Truck engineers are constantly analysing the road records of thousands of Dodge Trucks and from the facts these records reveal have come constant improvements. The great new Dodge Trucks for 1941 are the best Dodge has ever produced. They meet 98% of all hauling needs. Your individual trucking requirements can be completely met with one of the 12 models of Dodge *Job-Rated* Trucks.

Job-Rating requirements were met with 17 truck frames on 16 wheelbases. 6 engines meet the power requirements. 4 clutches, 3 transmissions and 8 rear axles are used in combinations to get the most efficient power line.

You want your next truck to fit the job. You want *enough* power and enough strength but no more weight than necessary. You want a Dodge *Job-Rated* Truck for long life, low operating cost and general all around Dodge Dependability.

There are 9 lines of 1941 Dodge Job-Rated Trucks of standard type and 3 cab-over-engine lines. General information on these lines is shown in the table below. Your nearest Dodge dealer can give you complete details of the right truck to fit *your* job.

THE DODGE *Job-Rated* TRUCK LINE *for* 1941

	½-TON	¾-1-TON	1½-TON	2-TON	2½-TON	3-TON DUAL-PURPOSE
Gross Rating	4,200 lbs.	6,400 lbs.	10,500 lbs.	12,500 lbs.	14,000 lbs.	14,500 lbs.
Wheelbases	116"	120" 133"	135" 160"	135" 160" 190"	136" 160" 178"	136" 160" 178"

	3-TON SPECIAL	3-TON HEAVY DUTY	3-TON DIESEL	1½-TON C.O.E.	2-TON C.O.E.	3-TON C.O.E.
Gross Rating	15,500 lbs.	20,000 lbs.	20,000 lbs.	10,500 lbs.	13,500 lbs.	15,500 lbs.
Wheelbases	136" 160" 178" 220"	152" 170" 188" 205"	152" 170" 188" 205"	105" 129" 159"	105" 129" 159"	105" 129" 159"

DODGE *Job-Rated* TRUCKS COVER 98% OF ALL HAULING NEEDS!

The Editorial Page . .

Why No Programme?

Contrary to custom, the Speech from the Throne gave no inkling of the legislation the Government intends to bring down at the present session of Parliament.

All that was said was:

> "The measures which will be submitted to you are such as seem necessary to my advisers for the welfare of the country and for the prosecution of the war to the utmost of our strength."

Why was Parliament not told something of the work it is going to be called upon to do?

Surely the Government has some programme ready? If not, why not?

If there is a programme, M.P.s, senators and the public have a right to expect some mention of it in the throne speech.

The Flavelle Lesson

One of Canada's really decisive achievements in the last war was the manufacture of one billion dollars worth of munitions.

The first enquiry from Britain was for empty shrapnel shells. Canada was asked, not to supply them herself but to see if they could be found in America. The amount involved was 200,000 shells, eleven years work at the Dominion Arsenal at Quebec. Before war had ended we had shipped more than 80 million shells, most of them complete, as well as a wide variety of other munitions and supplies.

How was this prodigious feat accomplished?

Canada's important contribution came when one man, Sir Joseph Flavelle, was given complete administrative power to direct the supply programme.

* * *

In his book "The History of Munitions Supply in Canada," David Carnegie tells the story.

He emphasizes the simple basic plan which was used to get results.

There was to be set up in Canada an Imperial Munitions Board "entirely responsible" to the British Government.

The board was placed in the hands of one man (Flavelle) "having full administrative power."

At first the board was the representative and agent of the British Ministry of Munitions. In 1916 it assumed responsibility for an R.F.C. training school and airplane factory. Later it was asked to represent in Canada the Ministry of Shipping as well as the Air Board and Ministry of Munitions.

When the board was first discussed, the Canadian Government was consulted as to the form of organization. There were two alternatives: that the Canadian Government should undertake direct responsibility for the work and should constitute a Ministry of Munitions as had been done in Britain, or that the British Ministry itself should establish an organization in Canada which would be directly responsible to it and be in name as well as in effect its agent.

It was the latter plan which the Canadian Government approved.

Flavelle was given full executive power by the British Government to act as its agent, appoint his own staff. Thus he was able to "ignore all politics and regard every problem . . . from the single standpoint of efficiency and good service."

* * *

Mr. Carnegie makes it clear that at the time Flavelle accepted full administrative authority, it appeared to some, "inadvisable to place in the hands of one man such power."

He admits that in some hands such authority would have wrecked instead of built up a great organization. He pays tribute to the fact that Sir Joseph showed great judgment in the choice of men to whom he gave authority. "When he was satisfied that a man was big enough for the task he left him to it. He made all feel they were working together as friends for a great cause and he won their confidence and loyalty."

* * *

Canada's munitions problem today is bigger but no more difficult of solution than the problem which faced Canada and Great Britain in 1914-18. It is a problem which every warring nation has had to solve.

It is a problem almost invariably solved in one way, namely, by giving this essentially business job into the hands of one man, free from political attachments and with executive authority to appoint his own staff, direct production and get results.

This is the lesson of the last war.

It confirms the judgment of those who are urging that under the Minister of Munitions and Supply (Mr. Howe) there should be one man to act as "representative and agent" in munitions purchasing and supply.

He should have full administrative authority to choose his own staff and organization, and be free to "ignore all politics and regard every problem . . . from the single standpoint of efficiency and good service."

Our Platform For Canada

1. *Strengthening cabinet leadership by drawing on Canada's best executive brainpower irrespective of political considerations.*
2. *An inner war cabinet, free from departmental duties, to plan the nation's war effort and to see that the plans are carried out.*
3. *Appointment of non-political industrial coordinator with complete authority to direct procurement of munitions and supply.*
4. *Pay-as-we-go policy, in so far as consistent with "total" war. Elimination of public and private waste.*
5. *A national programme for post-war employment and relief problems, along lines of Sirois report.*

Winning the war has become the focal point for national and personal effort in Canada. This requires full mobilization of the nation's material and spiritual resources.

To the fullest degree this should be obtained by individual effort, freely made.

Strong national leadership will inspire service and sacrifice that will reduce the need for regimentation and compulsion.

Mr. Gardiner and War Charities

Hon. James (Two-Job) Gardiner is one cabinet minister carrying an impossible and unnecessary load. While he has been in England as Minister of Agriculture his work as Minister of National War Services has suffered. Both these portfolios should be regarded as full-time jobs.

Now that he has returned to Canada an important job awaiting him in the War Services department is the question of joint campaigns for voluntary services.

It will be remembered that in mid-October, a meeting of voluntary service organizations was held in Ottawa to discuss joint campaigns. At this meeting the Red Cross reported their unwillingness to enter into a joint national campaign. Some other important national groups said, in effect, "If the Red Cross comes in, we will too. If not, we won't."

The meeting was unable to reach finality, partly because nothing could be decided until Mr. Gardiner returned from England. The one constructive move was a suggestion to set up a National War Services Advisory Board to study and advise the Minister on the whole tangled problem of voluntary war service appeals and services.

Meanwhile, individual agencies have been registering at Ottawa for separate campaign dates. The Knights of Columbus have registered for a national appeal in December, the Y.M.C.A. for January, the Legion for February, the Salvation Army for March, the Navy League for April or May. There is talk of another Red Cross "emergency appeal" next June. The whole situation seems to be as chaotic as at any time since the war started.

No time should be lost in setting up some body with power and competence to review not only war service campaigns but the programmes and budgets of these agencies as well. It takes months to plan and execute a national campaign. The agencies themselves have a right to expect that if anything is done it should be done immediately and not further delayed.

A competent full-time minister of National War Services would have driven through to a solution of this problem long before this.

No Room For Guesswork

Men who direct Canada's huge munitions and supply programme refer to it as a $1.5 billion undertaking.

If correct, it means that the nation's factories will be called on to produce munitions at this rate annually.

This figure has been used by The Financial Post and other publications not as an authoritative estimate but as a total which officials themselves use as a rough yardstick of our war production. It may be right, it may be wrong.

It may be the combined value of all orders placed in Canada on British and Canadian account. It may be the rate of output to be achieved when present orders, new plants and contracts that are still in the blueprint stage, are at peak production.

The figure may include only Canadian production and it may include parts, equipment, etc., which, while ordered in Canada, will actually be supplied by the United States. Engines for tanks are an example.

The point is, no one seems to know for certain how big the programme is and how much labor, materials or money it calls for.

The need for a clearer, more realistic statistical picture of Canada's munitions and supply programme is obvious. That is one of the things which a full-time, non-political industrial "boss" would want to know at once.

Such a man would not be content with knowing only what the various "segments" were doing. He would want to see the picture whole and see it clearly.

He would not be content with guesswork.

The Gourmet's Trail

Canada's new Tourist Co-ordinating Committee should smack its lips and follow the romantic gastronomic paths marked out by "Gourmet's Trail," latest publication of the Province of Quebec Tourist Bureau.

Gourmet's Trail is a story of adventures in French-Canadian cuisine. It is written for tourists and has appeal both for the Canadian traveller and the American visitor. It touches a theme which should dominate all Canadian tourist publicity, namely the "character" appeal of our tradition-rich countryside.

Much of Canada's tourist publicity and tourist attractions fall far short of good merchandising. We try to tell Americans how like themselves we are, instead of stressing our individuality, our "character."

We need more publicity like Gourmet's Trail. We need to develop more native attractions—festivals, national and local dishes, Canadian handicraft merchandise and the like.

If the new tourist co-ordinating committee at Ottawa can exploit this trail with imagination and zeal it will find it rich and profitable.

Editorials in Brief

Manufacturers of luminous paint should take advantage of compulsory daylight saving to boost sales. Groping around these mornings at seven or eight o'clock is like the middle of the night.

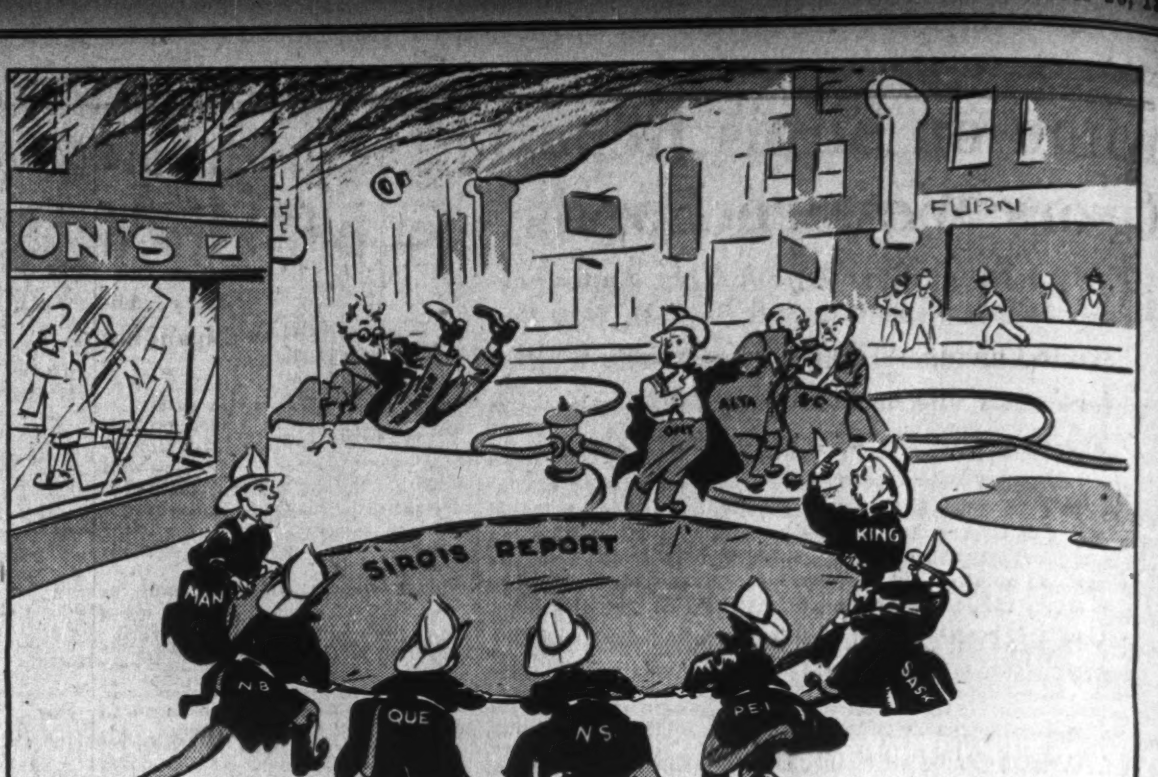
* * *

Windsor Star urges the Conservatives of Canada to take a tip from the Willkie campaign.

The Star thinks Willkie made bad blunders when he tried to win support by blackguarding Roosevelt and when he clung to "old political barnacles."

There is another lesson for the Tories.

Had the Republicans chosen an "old-line" politician to be their leader at Philadelphia, it would have been a rout, instead of a first-class election campaign.



—Cartoon by Grassick

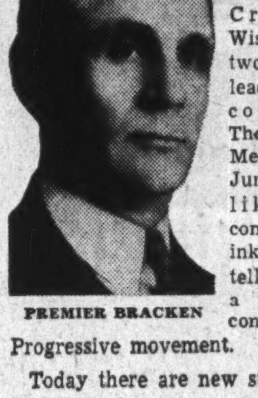
FIRE CHIEF KING: ALL TOGETHER, BOYS!

Post-Scripts . . . .

Prairie Fire

Ever since there was a West, critical periods in federal politics have often been heralded by a stirring of feeling—a blind groping toward common action—on the prairies.

It was so in 1896 when the prairies, small though they were in population, lined up behind Sir Clifford Sifton. And it was so after 1917 when the prairies made common cause behind Hon. T. A. Crerar, Henry Wise Wood and two or three other leaders with a common policy. The by-election in Medicine Hat in June, 1921 flashed like a brilliant comet across an inky sky — foretelling the rise of a new political constellation, the Progressive movement.



PREMIER BRACKEN

Today there are new stirrings on the prairies, whose representatives at Ottawa have long ceased to be a compact body. And the personality which has done most to evoke this feeling of unity, to piece together the pattern of a common purpose, is Premier John Bracken, of Manitoba.

* * *

Mr. Bracken, after 18 years of premiership shows no signs of being shopworn and soiled. He is not of the type which is preserved by the electors much as a man keeps an old pair of bedroom slippers—because they are familiar and comfortable. He is an innovator, an experimenter, a seeker for things which, perhaps, he only dimly visualizes himself. There is some driving power deep down in this man which makes him restless and, from the standpoint of the party wheel horses, excessively wayward.

John Bracken has been reaching out for western political leadership, unconsciously or otherwise, for several years. He lined up the prairies behind a common wheat policy in 1939 and upset and humiliated no less a warrior than Hon. J. G. Gardiner. When Bracken and Gardiner collided before the Federal Cabinet in the spring of 1939, it was Mr. Bracken who handed it out and Mr. Gardiner who ate the crow.

Today, it is the Sirois Commission—a new deal for Canada and a better deal for the Prairie Provinces—which is the Grail of Mr. Bracken's quest. His strange experiment in a many-party government is generally regarded as the first move in what may be a long and arduous campaign. The Canadian constitution is involved and every province, every business and every citizen will be profoundly affected by what will ensue.

* * *

Mr. Bracken has been sketched and publicized so much that his life story is well known.

Farm boy of Leeds County: a young sub on the ball team, looking on goggle-eyed while George P. Graham pitched the team to victory. George P. certainly could throw curves in those days and Mr. Bracken would probably agree that he continued doing so later in his distinguished public career.

And Mr. Bracken has emulated him.

Few Winnipeg businessmen doubt the mortal effect of the Bracken fast ball. One of the last occasions when he grooved it over the plate was when a large delegation of Winnipeg businessmen waited upon him to urge the Government to economize. Mr. Bracken was all sympathy and went on to name the members of the delegation and recall to them the other occasions when they had come to him pleading for expenditures on this or the other public work, or public cause.

* * *

From the farm to Guelph, to the beginnings of the Provincial Department of Agriculture in Saskatchewan. Mr. Bracken is one of many chickens hatched out under the ample bosom of W. R. Motherwell, Saskatchewan's first minister of agriculture. Then to the headship of Manitoba Agricultural College, and thence, without the slightest warning, into the premiership.

They laughed at this professor in politics. It was child's play. Wait till the battle-scarred veterans of the Legislature began to give him the rabbit punch and the thumb in the eye. They are still waiting—and wondering. Mr. Bracken is plumb crazy about rugby. He captained Guelph in his final year. He was, in the judgment of Smirlie Lawson, one of the great running halfs of his generation. He is the Winnipeg Bombers greatest booster.

It is true, in a rugby sense, that he has lost none of his speed or elusiveness. For 18 years he has been carrying the ball. Nobody has been able to tackle him: often nobody had the faintest notion where the ball was (possibly including Mr. Bracken himself). And now he is off on another and a new kind of extension play.

* * *

What the outcome will be is most uncertain. Mr. Bracken has never seemed to care much for traditional political forms. He is no slave to Bourinot or any of the arid and bloodless tribe of constitutional authorities. One recalls his odd proposal in 1936 that he and Eric Willis, the Conservative leader (and his sworn political foe), should share the premiership, taking alternative shifts of three months or so. Could anyone imagine Mr. King making such a proposition to Mr. Hanson, or what would ensue if Mr. Hanson accepted?

At 57 years of age, Mr. Bracken is virile, young-minded. His features are sharp cut and his face is surmounted by a wavy mass of hair, now greying. His figure is trim, still retaining the lines of the athlete. He is a masterful man and, on occasion, can be as hard as flint. All manner of testimony on this point is currently available in Manitoba among Mr. Bracken's erstwhile colleagues. Every party leader, however, accumulates a reputation for having an armor-plated heart if he remains long in control.

The direction and speed with which Mr. Bracken will move, the swiftness with which plans, long maturing in his mind, will be exposed to public view, will be revealed when his Legislature meets a few days hence. The betting at Ottawa is that he will lead a crusade for the Sirois report.

* * *

Stop Me If . . . .

One of Winston Churchill's stories, according to Sir Edward Marsh in his book, "A Number of People," describes the conversation between two French-Canadian soldiers in the last war:

Says the first soldier (on sentry duty): "Halt, who it is?"

The reply: "I am."

Sentry: "Pass, she goes well."

Labor Supply

A. J. Hills, the chairman of the National Labor Supply Council, is another "National" man who has been brought to Ottawa to help organize this nation for war. There are many of them.

Some, like Walter Thompson and R. C. Vaughan, have come and gone and only return for consultative purposes. Others, like Mr. Hills, Herb Lash, head of the Public Information Bureau, S. W. Fairweather, Claud Melancon and half a dozen more, are at Ottawa for the duration.

A. J. HILLS

Mr. Hills is chairman of a council which includes in its membership representatives of employers and employees. No body so representative of the two parties to industry has ever been brought together before.

* * *

Mr. Hills, at 61 years of age, is a typical railroader—big, bluff of manner, with a genial gleam in his eye. He is one of the few remaining men who knew and worked with the giants of Canada's great era of railway expansion. He has never known any other business than railroading.

Mr. Hills joined the old Canadian Northern as a lad of 20 years when it was an infant road of less than 200 miles running from Dauphin to Winnipeg. Service was the motto in those days, and the story is told of a Canadian Northern train which stood puffing at a rural station because Mrs. ——— lacked one egg of an even dozen which she wanted taken to market. The twelfth hen, she said, was hard at it, and if the conductor wouldn't mind, she would be along in less than five minutes.

Mr. Hills joined the construction department of the Canadian Northern in 1899; transferred to the operating department and to Toronto in 1903 and rose to become superintendent at Toronto in 1908. He was general superintendent when war broke out in 1914.

He had known D. B. Hanna intimately from the days he began to work and was closely associated with him until Mr. Hanna's death. He was made assistant to the executive staff, having to do chiefly with labor problems. He served in this capacity all through the latter years of the first Great War and the trying post-war period.

With the advent of Sir Henry Thornton, he was transferred to Montreal as assistant to S. J. Hungerford and in recent years has been in charge of the personnel of the entire National system.

One would never guess, in a casual meeting, that Mr. Hills was a leading executive official of one of the greatest utility companies in the world. You might guess him to be a labor man, for his point of view is most friendly to labor. There is about him, however, an air of spaciousness. He is a big man, physically and in his reach of mind. He carries into the forties of this century much of the manner, the enthusiasm and breadth of outlook, the good humor and something of the glamor of an era of expansion which lives today chiefly in dry-as-dust histories or flaunts faded and somewhat tattered allurements in the dusty pages of half-forgotten memoirs.

Other People's Views . . . .

The Canadian Editorial of the Week

Sirois Prescription

Montreal Standard

Why talk constitution in wartime? Why is the Government bothering about the complex study of the Sirois Commission on peacetime Canada when the country is in the full surge of war activity?

Some people have been asking themselves and others those questions. The answer is as plain as the nine provinces on the map of Canada. The recommendations of the Sirois Report, if carried out, would put new steel into the national structure of Canada. They would give great new strength to the Dominion in shouldering its rapidly increasing war burden; they would reinforce the whole framework of Canada to meet the strain that will come after the war.

During the gales of the depression years the governmental structure of Canada, municipal, provincial and federal, creaked and groaned under the buffeting it had to take. On account of the way powers and responsibilities were divided between the Dominion, the provinces and the municipalities, it was impossible to develop effective national policies to fight the troubles that beset the Canadian people. The full force of the nation could not be mobilized to battle the assault of the world economic crisis. And people in every province, every town suffered in consequence.

* * *

Faced with the far graver dangers of the present war-torn world we cannot allow a state that breeds weakness to continue. In carrying forward the great load of war work that this country has assumed we are going to need every ounce of strength that can be developed in the nation. Our economic financial and social system is going to be sorely tried. If it is going to stand the test we will need the strongest machinery of government we can produce.

And whether the war ends tomorrow or years hence we are going to have a whole mountain range of new problems to tackle. Whatever happens on the battlefields this is going to be a hard world for Canada for a long time to come. The more resistance and vigor we can give our national structure the better we will be able to fight the economic and social battles as well as the engagements with the living enemy.

The Sirois Commission, after a deep-probing study into our national organisms, presented a brilliant report suggesting things which in its opinion must be done. Its main recommendations, it said, were essential to the future development of Canada in peacetime. How much more are they necessary in wartime!

* * *

The Mail-box

Sir Norman's Suggestion

Editor, The Financial Post:

A number of readers have asked what books I could recommend to students as the foundation of a better understanding of those things which democracies must learn, and of which at present so many are ignorant.

There is one book which I should like to see have a circulation in the democracies corresponding to the circulation of "Mein Kampf" in Germany. And that book is John Stuart Mill's "Liberty."

Every man who professes to believe in freedom as the basis of a humane civilization ought to be familiar with the arguments of this book. Yet, I doubt whether one in a thousand in Britain or Canada or the United States ever thought of reading it. It should be regarded as the very Bible of free men. The first half of "Liberty" states the case for freedom with a simplicity and force never, until its publication, equalled and never since improved upon.

This should be supplemented by some simple book on anthropology in order that the reader may have a sense of the strange kind of animal that is man. If anthropology be combined with some general elementary psychology so much the better. Howard's "The Proper Study of Mankind" and Dorsey's "Why We Behave Like Human Beings" would be suitable.

A simple and elementary book on ethics should be included. And finally some unbiased elementary book on the nature of money should be included. The little booklet published by The Financial Post a year or two ago might prove useful or, better still, D. H. Robertson's book, "Money," perhaps the best elementary book on the subject ever written.

NORMAN ANGELL.

New York.

Editor's Note—Sir Norman Angell's little booklet on money, published by The Financial Post, is unfortunately out of print.

* * *

Income Tax Anomalies

Editor, The Financial Post:

There are in Ottawa, working in the Government as civil servants or doing special war work either in the F. E. C. B. or other government agencies, quite a few men who have found lodging or have rented a home on the Quebec side of the Ottawa River. However, their office is in Ottawa where the Dominion Government happens to have its buildings. They have their residence in Quebec but they receive certain pay or remuneration from the Dominion Government in Ontario and, as a result they are now faced with not only having to pay Dominion income tax, which everyone must, but they have to pay Quebec tax on their full income, salary and private income, and Ontario income tax on their full income, salary, plus private income.

This latter, Ontario tax, seems so unfair that you will most likely say I am wrong. However, the whole matter has been placed before the authorities and they advise it is quite correct but they can do nothing as they are only the administrative officers administering the Ontario and Quebec income tax Acts.

The reverse of this is also true, as there are people with their homes in Ottawa who work across the river in Hull and they are likewise caught for both income tax in Quebec and in Ontario.

At present the Dominion Government, who collects the tax for both provinces, is enforcing the full claim of each province against people who are in the category I have pointed out above. The sooner we have this Sirois Report put into effect the sooner all such anomalies as the above will be cured.

Such taxation as above is worse than if a man lived in Canada and worked over the border in the United States of America. There are so many duplications of taxes, such as succession duties, license taxes, income tax, fishing license and sales tax when one travels from one province to another that a person, especially living on the boundary of two provinces, does not feel that he is working and living in Canada any longer, but that he lives in one country and works in another and is taxed in both.

GORDON F. MACLAREN.

Ottawa, Ont.

P.S.—The income of members of the Senate and the House of Commons whose usual place of residence is outside Ontario is specifically exempted. I cannot see what difference there is between such members and any other person who is working for the Dominion Government or any of its branches, especially those brought here to do war work.

* * *

Eliminate Passport Law

Editor, The Financial Post:

A Canadian friend of mine mentioned to me about an article in your paper dealing with the efforts of the Canadian publicity bureau to encourage American visitors to Canada during the coming months.

It would appear to me the methods outlined were very constructive, but the most important was not mentioned, namely that efforts should be made by the Canadian Government to eliminate the passport law. This was the worst blow to American travel in Canada. I spend my summers in Canada and know personally 10 families who eliminated Canada last summer on this account.

J. B. HENDERSON.

Coral Gables, Fla.

* * *

As Others See Us

Training of Workers

Timmins Press

The Financial Post, dealing with the expected shortage of skilled labor, and the need for immediate action to meet this problem, states that in one branch of the munitions and supply programme present plans call for an annual output of $400,000,000. Present employment in this branch of industry is now about 10,000. By next September this figure must rise to 100,000, and The Financial Post asks: "Where will we get these workers?"

This question is one that every municipality should face, and deal with. Wherever there are facilities for training men or women, those facilities must be placed in full-time operation. In Timmins there are limited facilities, but whatever number of workers can be trained will be needed.

Adult education is a subject that is too little known in northern Ontario and the educational authorities should be in the forefront of the movement. The first step is the opening of night classes in technical subjects. The other steps would follow and, if the movement is given intelligent direction, the people of Timmins should not be found different from the people in the thousands of other communities where night classes have been proved successful.

* * *

Sayings of the Week

"Let us train every one of our citizens to keep his mind open — train them in that knowledge of the past which alone can prevent them from repeating all the mistakes of the past." — *Hendrik van Loon.*

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Week in Business

Greater Co-operation From U. S. Forecast

Passing of Election Clears the Road — Transformation of Canadian Economy Seen Transcending Any Previously Recorded

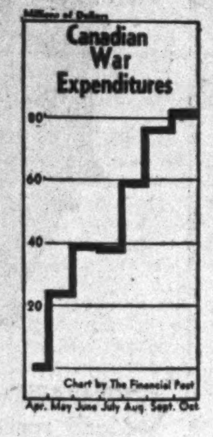
With the United States elections out of the way, the road is now clear for increased co-operation between Canada and the United States in various matters of business importance, such as the St. Lawrence power project, defense programmes and trade.

Accordingly expected reduction in Canadian imports of fruits and vegetables and household appliances from the United States is thought unlikely to bring any retaliation, especially as total American exports to Canada have increased enormously in the last year.

* * *

War orders continue the main stimulating influence in business and industry.

In recent months Canadian expenditures have steadily increased as shown in the chart.



Total for October was $81 millions, making an aggregate of $320 millions since April 1 and $440 millions since Sept. 1, 1940.

The Canadian Bank of Commerce in its monthly commercial letter for November describes the transformation of Canadian economy in the last year as transcending any previously recorded.

"The reopening of old plants, additions to existing establishments, creation of new works and the introduction in hundreds of plants of processes never previously undertaken in this country greatly overshadowed the closing of a few factories consequent upon the loss of export business," it says.

* * *

The agricultural community this year has had a varied experience. Crops generally have been good and livestock marketings heavy, but apple and tobacco growers have suffered reverses and accordingly the farm revenue for the season is uneven. On the whole however, it is substantial, and farm buying power is estimated to be well up to last year.

* * *

In wholesale and retail trade circles, the approach of Christmas is now the big point of interest. Retailers generally are looking for the biggest holiday trade they have known in recent years. They point to the combined factors of increased public buying power and adequate supplies of practically everything to which the Canadian people have been accustomed as indicating a record movement of goods. Scarcity of certain lines such as Mediterranean fruits and Netherlands and Swiss cheese is not expected to make itself felt until after the Christmas season.

Business Indicators

Current business continues active with D.B.S. weekly index of business activity for week ended Nov. 3 slightly below previous week and last year, due to smaller bank clearings and reduced stock market transactions.

Carloadings for week ended Nov. 2 larger than year ago, with total for year to date up 10%.

Flour exports in October about 69% over last year, total for 10 months up 54%.

Wheat exports drop 43% in October from year ago. Cumulative for 10 months up 2%.

Livestock sales lower for cattle, higher for hogs in October. Ten months totals up 5% and 45% respectively.

Crude oil imports up 19% in September and 14% for nine months.

Raw rubber imports off 25% in September. Total for nine months 39% higher.

Trend of business shown by The Financial Post Business Index and following key factors, new items for the week being marked thus ■.

TREND OF BUINESS—	**Nov. 2**	**Oct. 26**	**Oct. 19**	**Oct. 12**	**Nov. 4/39**
Weekly index of business, D.B.S.	101.7	101.8	102.5	104.9	101.8
Commodity prices index no.	83.6	83.5	83.3	83.1	79.0
	Sept.	**Aug.**	**July**	**June**	**Year Ago**
The Financial Post business index	*147.4	142.9	139.5	141.7	122.6
Retail sales index no.	90.4	93.7	89.4	91.9	86.0
Dept. store sales index no.	88.8	89.2	87.5	81.4	86.6
Wholesale sales index no.	123.8	115.1	105.2	117.6	148.4
Country store (% change pr. yr.)	—10.7	+9.8	+6.2	+8.3	+12.1
EMPLOYMENT Index Nos., D.B.S.	**Oct. 1**	**Sept. 1**	**Aug. 1**	**July 1**	**Year Ago**
All industries	136.2	131.6	127.9	124.7	121.7
Manufacturing	143.8	138.4	134.4	130.3	119.7
Wage earners, no. 000's	....	....	2,709	2,634	2,461
Living costs weekly budget	....	$17.82	$17.90	$17.84	$16.93
			Jan. 1 to date		%
RAILWAYS—	**1940**	**1939**	**1940**	**1939**	**Change**
■Carloadings (week Nov. 2)	59,740	58,080	2,356,420	2,139,979	+10.1
C.N.R. gross week (Oct. 31) $	7,923,320	6,852,075	201,400,970	164,189,092	+22.6
C.P.R. gross week (Oct. 31) $	5,983,000	5,021,000	138,736,000	122,111,000	+13.5
C.N.R. net revenue (Sept.) $	3,927,467	6,304,642	27,968,316	6,652,354	+320.4
C.P.R. net revenue (Sept.) $	2,985,540	5,821,955	20,289,975	12,705,409	+59.6
IRON AND STEEL—Sept.—					
Pig iron production (tons)	105,020	65,954	839,456	487,982	+72.2
Steel ingots and castings prod. .... (tons)	164,515	124,384	1,464,548	937,693	+56.2
AUTOMOBILES—(Number)—					
Passenger Cars:					
Domestic sales* .. (Sept.)	3,591	4,948	80,541	68,953	+16.8
Factory output .. (Sept.)	3,410	3,494	80,603	79,642	+1.2
Trucks and Buses:					
Domestic sales* .. (Sept.)	2,084	1,808	23,815	19,833	+20.1
Factory output .. (Sept.)	12,065	427	74,245	30,644	+142.2
Financing:					
Used .... (Sept.) $	3,247,690	2,329,244	32,873,671	27,617,035	+19.0
New .... (Sept.) $	2,017,453	1,793,221	26,102,370	22,084,791	+18.2
CONSTRUCTION—					
Contracts awarded .. (Oct.) $	26,360,600	14,228,100	274,109,600	165,010,000	+66.1
■Cement prod., bbls. (Aug.)	909,000	842,000	4,619,804	3,572,691	+29.3
AGRICULTURE—					
Flour prod., bbls. .. (Sept.)	1,635,849	1,927,102	11,717,941	11,237,017	+4.2
■Flour exp., bbls. ... (Oct.)	750,193	444,144	5,942,573	3,866,648	+53.6
■Wheat exp., bush. .. (Oct.)	9,658,887	16,848,847	110,129,700	107,856,939	+2.1
■Cattle sales▲ .... (Oct.)	151,889	159,421	940,344	900,850	+4.3
■Hog sales▲ .... (Oct.)	675,574	488,665	4,112,414	2,824,858	+45.6
SEA FISHERIES—§					
Catch, cwts. .... (Sept.)	1,031,500	964,400	8,397,850	7,567,850	+10.9
Landed value ...... (Sept.) $	1,825,200	1,951,700	14,291,700	13,903,450	+2.7
NEWSPRINT—					
Production, tons ... (Sept.)	282,322	253,230	*2,573,605	2,058,899	+25.0
Exports, tons ..... (Sept.)	301,292	228,163	2,426,929	1,878,942	+29.2
MINING AND OILS—					
■Coal prod., tons ... (Aug.)	1,357,948	1,285,424	10,813,316	9,281,921	+16.4
■Coal imports, tons . (Aug.)	2,298,531	1,628,296	11,574,622	7,085,215	+63.3
■Gold prod., fine oz. (Aug.)	466,223	449,474	3,494,891	3,379,368	+3.4
Crude oil prod., bbl. (Aug.)	868,651	795,844	5,426,813	5,066,251	+7.1
■Crude oil imp., bbl. (Sept.)	4,466,200	3,752,600	30,301,000	26,654,600	+13.7
ELECTRIC POWER OUTPUT—(September)—					
Total monthly, 1,000 kw.h.'s	2,399,678	2,380,652	22,483,592	20,623,780	+9.0
FOREIGN TRADE—♦					
Imports .... (Sept.)	86,286,828	73,564,271	768,719,704	515,331,719	+49.1
Exports .... (Sept.)	102,778,196	82,456,582	869,311,971	644,040,089	+34.9
OTHER INDUSTRIAL FACTORS—					
Dressed lumber exp.:					
1,000 bd. ft. .. .. (Sept.)	276,912	216,480	1,788,363	1,579,885	+13.2
Shoes, prod., pr. .. (Aug.)	2,382,680	2,453,069	16,969,649	15,536,833	+9.2
Cotton consump., lb. (Sept.)	14,286,921	11,357,757	142,218,479	85,825,455	+65.7
■Raw rubber imp., lb. (Sept.)	6,061,154	8,004,372	68,083,514	48,753,726	+39.6
Cigarette cons. No.† (Sept.)	597,291	584,758	5,563,072	5,274,644	+5.4
Sugar manufactured .. lb.‡	92,174,302	101,604,562	712,519,894	662,803,108	+7.5
FINANCE—					
Bank debits† .... (Sept.) $	2,571,236	2,831,861	24,653,180	22,731,224	+8.4
Bond sales† .... (Sept.) $	400,972	50,646	1,742,945	1,036,510	+68.1
Life insurance sales (Sept.) $	26,156,000	34,252,000	267,381,000	269,033,000	—0.6

*D.B.S. All Canada figure covering over 90% of the Canadian total.
†000's omitted. §For four weeks to Oct. 5, 1940. ♦Gold excluded.
‡Unrevised figures covering N.S., P.E.I., N.B., Que., B.C. *Final.
▲Total at yards and plants.
New items for week marked ■

SKF
BALL & ROLLER BEARINGS
ALL TYPES - ALL SIZES

Demand Jumps for B.C. Plyw'd

Airplane Industry Absorbs Most of Expanding Output

From Our Own Correspondent

VANCOUVER.—Plywood production is today one of British Columbia's fastest growing industries, with mills crowding close to capacity ever since the war began. Prospects for expansion in future, according to the operators, are practically without limit.

Requirements of the airplane industry have thrown a new load on the plywood trade, and one of the factories established here last year to meet ordinary commercial requirements is now concentrating on aircraft almost to the exclusion of all other business. B.C. Plywoods, Ltd., one of H. R. MacMillan's enterprises on the Fraser River, as a result of recent expansion, is rated the largest plywood producer in the British Empire and one of the biggest in the world.

$5 Millions Output

Representatives of the industry estimate that this year's production will be about double that of 1939 with a value of nearly $5 millions. Among the biggest mills in the Vancouver area are those of Canadian Western Lumber Company, operators of the Empire's greatest single-unit lumber manufacturing plant at Fraser Mills, and Pacific Veneer, financed and operated by former Czechs and Austrians who came to British Columbia with their funds just before Hitler marched into their countries.

Elimination of Finland and other important plywood producers in northern Europe from world markets has been a leading factor in the growth of the B.C. industry. The situation has brought west coast mills into contact with trades previously believed to be beyond control. Such lines as production of tea chests, used in tremendous quantity in the Far East, may ultimately come to British Columbia because Finland can no longer supply them, and Oriental countries have only a limited supply of the raw material required.

The Home Front

Prisoners-of-War Parcels

National financial campaign of the Canadian Red Cross Society is expected to top the $5 millions objective by a substantial figure, The Financial Post learns. The campaign is still proceeding in some parts of Canada. It is likely that at least $6 millions will be raised, all of which can be used to good advantage, according to Red Cross officials.

Red Cross headquarters in Toronto declare that a recent criticism of Red Cross prisoners-of-war parcels operations is based upon misinformation. The criticism was voiced editorially by the Truro (N.S.) News.

"The Canadian Red Cross has no definite knowledge of the number of prisoners in Germany," Dr. Fred W. Routley, national commissioner, told The Financial Post. "The British Red Cross is in possession of all information relative to prisoners of war, and the Canadian Red Cross and the Canadian people must accept its information as being correct, despite the appearance in the press of reports from other sources regarding the number of prisoners in Germany.

* * *

The British Red Cross, the recognized agent of the British Government in the feeding of British prisoners of war in enemy territory, has asked the Canadian Red Cross to supply up to 40,000 parcels of food every week for British prisoners in Germany, Dr. Routley said.

At present, the Canadian Red Cross has agreed to supply 10,000 parcels weekly.

With sanction of the British Government, the British Red Cross is at the present time supplying thousands of food parcels to British prisoners in Germany, Dr. Routley said. Air raids have slowed up the work considerably, and that is why the Canadian Red Cross has been asked to help. In addition to the maximum of 40,000 parcels per week asked of Canada, the British Red Cross has asked the American Red Cross and the South African Red Cross to supply 10,000 parcels a week each.

In reply to the question, "What proof have you that the British and Canadian prisoners do get the food?" Dr. Routley said:

"First there are the postal cards which are included with the parcels. They are signed by the prisoners and returned in the thousands. Secondly, International Red Cross inspectors are constantly visiting the prison camps in Germany where they are allowed to talk privately with the prisoners and find out whether or not they receive their parcels of food. Thirdly, American neutrals in Germany are allowed to visit the camps. Reports from these sources assure us that the parcels of food are received by the prisoners."

* * *

Another criticism made by the Truro paper was that food supplied from Canada to prisoners of war in Germany merely relieved the Germans of the necessity of feeding those prisoners, in accordance with international law, and thus would help to defeat the British blockade.

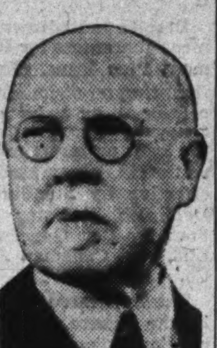
Comment of Red Cross officials on this is that it is a matter for the people of the Empire to decide. They can, if they wish, force their soldiers, imprisoned in Germany, to suffer the privations that must inevitably be the fate of the German people themselves, or they can help to sustain them in prison by decent food. The decision of the British Government has been to feed its men in Germany, even if in doing so they ever so slightly lightly the food burden on the German nation.

The Financial Post is informed that the parcels sent from Canada cost about $2 each and are carried postage free by all governments that handle them en route. The parcels contain butter, prepared milk, cheese, canned fruit and vegetables, in fact all rations required by a prisoner for a week except for bread and potatoes.

Keeping Posted . . .

By JOHN C. KIRKWOOD

The number of men in Canada who are "well turned out"—meaning well groomed—is a very large one. This is due to their own will to be clothed smartly and becomingly, and to their tailors and haberdashers, to wives, and, not least, to the editor of Mayfair Magazine, J. Herbert Hodgins. Mr. Hodgins is, supremely, Canada's guide, counsellor and friend in the matter of masculine fashions. His Department for Well-Dressed Men in Mayfair is always extraordinarily readable as well as being most instructive. In Mayfair for November he tells us that knee-length topcoats are in vogue, particularly for young and younger men, and he says that "here again we have invaded the ladies' domain, for it seems that last spring they took our longer coats, had 'em chopped off about the knee-bend and, I must say, they have something there."



JOHN C. KIRKWOOD

It hardly needs to be said that women read Mr. Hodgins's "Cosmopolite" column as attentively as men do.

And here is something else from the same magazine, a candid confession:

Make-up, in a man's eyes, is a delightful bit of feminine nonsense, avers Rita in her contribution, "Man and Make-up," in Mayfair for November, and she defends make-up so: "Make-up is a color accent to your own natural beauty. It is not a deceptive means to appear beautiful in the eyes of the male, but to bring out your best points. So the face in the mirror is like an artist's canvas. You are about to bring out an ideal." Then Rita proceeds to give a number of "do's" and "don'ts" in relation to make-up.

* * *

Doubling Sales

That retailer who succeeds each year in increasing the amount of his average sales transaction to the extent of 15% will double his business in five years. Similarly, if he will increase the number of his sales transactions by 15% over the achievement of the previous year, he will double his business in five years. One retailer in Toronto, Cecil Ward, specializing in men's wear, has learned how to increase the amount of his sales transaction by, 1, creating a desire for kindred items of mens' wear; and 2, crystallizing a desire for items which the customer has wanted all the time, yet didn't know that he wanted them. Mr. Ward—so says Men's Wear Merchandising for November — follows a consistent plan of "related selling" —shirts AND ties, for example, and jewellery and handkerchiefs and hosiery. By showing kindred lines together, Mr. Ward estimates that his average sales check is $3.50, which is about 75% more than the average sale for men's wear departments of $2.01, as ascertained by the National Dry Goods Association. "Your average customer," says Men's-Wear Merchandiser in the article, "Cecil Ward Boosts His Average Sale," "is the first to admit that his mind is a hodgepodge of desires, tempered somewhat by what his wife thinks—or does not think! With the result that he clutches at the straw of friendly guidance like the proverbial drowning man."

And that's the truth!

* * *

Technical Advisers

A news item which has been widely published told of Canada's acquired ability to make "precision" gauges in quantity and variety equal to the needs of our war industries. In this connection I should like to point out that our business and technical publications are individually and collectively giving a vast amount of aid to those engaged in the making of munitions, supplies and materials for use in Canada's war effort. Take Canadian Machinery, by way of example; it is informing the metal working industry on detailed methods of doing unfamiliar work, by bringing to them, in both text and illustration, the news of new equipment available for that work. Canadian Aviation is publishing much information of an educational nature which young men training under the Commonwealth Plan are finding of large value; also, it is creating enthusiasm for the Royal Canadian Air Force and the Commonwealth Air Training Plan. Canadian Automotive Trade has the difficult task of advising an industry that is under considerable stress in these war days, and which may be under still greater pressure as time goes on. Garages and service stations have been forbidden to add to their lubrication and gasoline selling equipment, and have lost many of their skilled mechanics to the army, the air force and war industries. Modern Power and Engineering is a faithful interpreter of present day laws and conditions as these relate to power. The provision of sufficient power for industrial production is a matter of urgent concern to every manufacturer in these times.

* * *

Building a Business

H. W. Stonehouse is in the grocery business in Hamilton, on his own account — this after being 17 years an employee in a Dundas grocery store, where his father before him was employed for 47 years. Mr. Stonehouse bought out Brown's Good Foods store, located in a residential district. He believes in the use of physical energy as a way of getting customers; he calls at the homes of persons newly arriving in his district, to acquaint them with his business, and to solicit their custom. Thus he brought back not only an order for $1.53 worth of groceries, but a promise that the new customer would be a regular customer. Also, he is always making his displays attractive. Mr. Stonehouse has no time for standing at his front door, looking out, idly, at passersby. To Canadian Grocer Mr. Stonehouse said that each week since he had taken over his store his sales had gone up—which is not surprising, for he's a go-getter type of grocer.

Another "builder-upper" story comes from the East. In Saint John, N.B., is a retail druggist who is a good pianist—C. R. Driscoll. Mr. Driscoll played the piano in his firm's series of 14 broadcasts over station CHSJ, and he offered prizes to listeners who could name correctly five different tunes played on each programme—with doubled prizes to go to those whose entries were accompanied by purchase slips from Driscoll's drugstores. At the close of the series of 14 broadcasts it was found that a total of 10,600 letters had been received from listeners, and that 75% of those sending in entries accompanied them by a purchase slip. The aim of the series was to build up goodwill and to establish the better the name of Driscoll in the public's consciousness.

* * *

Man-made Miracle

"Man-made Miracle" is the title of a fine article in the Nov. 15 issue of Maclean's Magazine. The amazing story of plastics—those startling new materials created by the witch doctors of modern industry—is very satisfactorily told by Ted Sanderson and Frederick Edwards. The gross value of the plastics business of North America last year was well over $200 millions. There are now over 16 varying types of plastics on the market—sold under more than 200 different names! Your telephone set is made of plastics. The instrument panel on your motor car and most of its fitments are plastics. Your denture is probably made from plastics; as are the handles and bristles of your toothbrushes. They are talking of making motor car bodies from plastics, and also motor boats and sailing yachts and airplanes.

Yes, plastics are a miracle—a man-made miracle.

Government rating for Toronto is "one-fifth of all Canada"

The quota set for the city of Toronto in the recently over-subscribed War Loan bond issue was "one-fifth of all Canada". Thus does the Minister of Finance rate the potential value of Canada's richest consumer market. Extending the area from the city proper to a radius of one hundred miles, it will be found to contain one-fifth of Canada's population and one-third of the total buying power of the nation. Consumer buying is on the up-grade in Canada as employment increases in war industries and advertisers are provided with an unparalleled opportunity to reach out for consumer dollars.

TORONTO IS A "TELEGRAM" CITY

THE EVENING TELEGRAM
Largest Classified Linage in Canada
TORONTO CANADA
MONTREAL: E. R. CHOWN, Dominion Square Building

Rail Shipments Of Lumber Soar

Overland Movement From B. C. Reaches New Peak in October

From Our Own Correspondent

VANCOUVER.—British Columbia lumber for export to the United Kingdom rolled eastward to Atlantic ports in record volume in October at the average rate of two million feet a day.

Both Canadian Pacific Railway and Canadian National Railways shared in the movement, which surpassed the previous high month's total of 50 million feet by about 10 million feet. Until October the peak month was last May. During the summer rail shipments fell off almost to the vanishing point owing to the abundance of ocean tonnage available.

British authorities decided that it would be good policy to revert to the overland route in the fall, and while September movement was light October was the biggest month so far for both railroads. Shipments by the cheaper all-water route through Panama Canal have also been heavy.

Big Volume

It is estimated that since the British Government started ordering B.C. lumber for coast-to-coast delivery by rail the equivalent of at least 30 deep sea cargoes have been landed at Maritime or St. Lawrence River ports for transshipment under convoy to the United Kingdom.

These rail shipments are entirely separate from the lumber manufactured in this province for Canadian defense purposes which is estimated to be more than 200 million feet.

Waterborne shipments to the United Kingdom are being well maintained, as indicated by the fact that nearly 80 million feet moved that way in September. Figures for October will not be issued until next week, but the advance estimate is for an even higher total than in September.

Window Glass Factory Planned at Montreal

A factory for the production of flat drawn window glass is being erected in St. Laurent, Montreal by the Industrial Glass Works Co.

The plant is expected to give steady year-round employment to Canadian labor and to use large quantities of raw materials produced in Canada. Production is planned for the early part of 1941.

Canadian Marconi Co. Add Wing to Plant

From Our Own Correspondent

MONTREAL.—Canadian Marconi Co. has let a contract for construction of a further addition to its plant in the Town of Mount Royal. The cost will range between $60,000 and $70,000.

Dimensions of the new wing will be 274 ft. x 71 ft. The building will be of concrete construction, mill type, brick walls and flat roof.

NEW ISSUE
PROVINCE OF QUEBEC
4% SINKING FUND DEBENTURES
To mature November 15th, 1952
(Callable at 100 on or after November 15th, 1950)
99.50 and accrued interest to yield about 4.05%
An official prospectus will be mailed upon request.
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LIMITED
Business Established 1889
TORONTO
Montreal Winnipeg Vancouver Victoria London, Eng.

New Issue
Province of Quebec
4% Sinking Fund Debentures
To be dated Nov. 15, 1940 To mature Nov. 15, 1952
These debentures will be direct obligations of the Province of Quebec and will be callable on or after Nov. 15, 1950 at 100 and interest. They will be issued in denominations of $1,000, $500 and $100.
Price: 99.50 and interest to yield about 4.05%
Telephone or telegraph your orders at our expense
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Saskatchewan's Plight

Dependent on Wheat, Province Looks To Sirois Recommendations For Help

The coming Dominion-Provincial Conference in January to "secure if possible the adoption of the Sirois Commission's recommendations," brings that famous report again sharply into the limelight. Below is the fifth of a series of reviews outlining the effect on the individual provinces of adoption of the Rowell-Sirois recommendations.

Provinces already reviewed in this series of exclusive Post articles have been Manitoba, British Columbia and Ontario.

By R. A. DRAPER
Staff Writer, The Financial Post

Saskatchewan more than any other province has demonstrated the outmoded division of financial and constitutional powers in Canada. Its bitter experiences of the past decade have etched these weaknesses in sharp relief; have illustrated the inefficiency and wastefulness of inter-governmental transfers and other expedients.

It is recognized by the Sirois Commission that the case of Saskatchewan is an extreme one. Probably in no other fully civilized part of the world has a regional economy in peacetime been subjected to calamities of such magnitude.

In the depressed years Saskatchewan was the most depressed of the provinces. Drought, insects and world depression laid a heavy hand upon the wheat-growing industry of the province.

Weaknesses in Economy

Complete dependence upon two uncontrollable factors, crop yields and world marketing conditions, proved disastrous. An almost complete lack of diversification in agriculture and a paucity of developed industrial resources gave the provincial economy nothing to cushion the effects of a succession of wheat crop failures and restricted export markets.

The area proved extremely vulnerable to both local and world conditions. Either small crops or constricted world markets, or a combination of both, have been experienced since 1930. Either or both robbed the province of nearly its entire income.

Export Markets Wiped Out

With a bumper crop on its hands Saskatchewan is now able to sell only a fraction of wheat output because of the elimination of European markets. Next to the war effort, wheat and distress in the wheat-growing areas are causing Canada its biggest headache. Cost of providing the minimum wheat guarantee will be second only to war expenditure.

Saskatchewan is in dire need of an immediate and long-range programme to restore its finances, services and credit. The latter has collapsed and there is nothing in sight to restore it, apart from implementation of the Sirois recommendations. It has kept out of default only by the co-operation of security holders and the aid of the senior Government.

Hope for Province

Implementation of Plan 1 of the report appears to be the only hope on the horizon. Industrial developments that may arise from the war effort can hardly be of sufficient importance to better the provincial economy to a decisive extent. Neither does there seem to be any immediate prospect that a new huge market will suddenly open up for wheat.

Saskatchewan's problems are national. Maintenance of the people and the industry of the area is recognized as a national duty. In many ways the province has been the mainspring of the transcontinental economy. The Sirois Commission states in this regard.

Factor in Prosperity

"For three decades the expansion of Saskatchewan's wheat industry had been a factor in the prosperity, in the growth of large income and in the accumulation of wealth in some of the older regions of Canada. The province had no access either by taxation or borrowing to this surplus, which its industry had created during prosperity, to tide it over the years of adversity. Such a transfer of income, which was absolutely essential to prevent widespread starvation and the collapse of the wheat industry, could only be brought about by means of national taxation and the borrowing power of the Dominion."

The province would benefit to a major extent from operation of Plan 1 of Sirois. Here are the results, using 1937 as a base year:

Saskatchewan Would

	GAIN $
Net debt service assumed by Dominion	6,083,000
Relief assumed by Dominion	9,776,000
Savings on tax collections	72,000
	15,931,000
Sinking funds	28,000
	15,959,000

Saskatchewan Would

	LOSE $
Taxes trans. to Dom.	1,553,000
Subsidies foregone	2,120,000
	*3,500,000
	7,173,000

*A special grant following Bank of Canada investigation.

	$
Gains	15,959,000
Losses	7,173,000
Net Gain	8,786,000

Effect on Budget

There would also be a net gain to local government of $500,000 on the 1937 base. This is the amount of unemployment relief to be assumed by the Dominion Government. It is obviously far short of actual requirements for 1937.

Revenue of Saskatchewan has fluctuated widely, making estimates of the Commission on budgetary position on a 1936-39 base uncertain.

In illustrating the effect of the plan on the budgetary position of the province the Commission has shown each year 1936-39 separately:

	1939	1938	1937	1936
	in $000's			
Prov. rev.	12,500	11,150	9,700	10,050
Nat. adj. grant	1,750	1,750	1,750	1,750
Emerg. grant	2,000	4,000	4,000	1,500
Total	16,250	16,900	15,450	13,300
Expend	13,300	14,300	12,800	11,000
*Surplus	2,950	2,600	2,650	2,300

*Available for expansion of education welfare and developmental expenditures, directly or through municipal subsidies, and for reduction of taxes.

A national adjustment grant would be made under the plan, as well as a special emergency grant. When revenue fluctuates as widely as it has in Saskatchewan the emergency grant is of particular importance in stabilizing finances.

The fixed grant is set by the Commission at $1,750,000 annually. The improvement resulting from the plan and the adjustment grant, however, are not sufficient to provide services at national average under existing conditions. A special emergency grant would be of varying size, the magnitude of which would be determined by the annual need. The Commission suggests $4 millions for 1937 and 1938, and $2 millions in 1939. The emergency grant would give the plan, as it applies to Saskatchwan, necessary flexibility.

Would Raise Services

The plan would provide services of a much higher level than the province is now able to afford. Severely curtailed revenue has caused the Government to economize all along the line. Services have been pruned to a bare minimum. In the case of education, expenditure was cut by 40% from 1930 to 1937, while in other provinces the charge was generally increased:

Improvement in fiscal position resulting from Plan 1 and both grants would provide the province with a surplus. This is, of course, estimated on the basis of current expenditure, which has been cut to the bone. The Commission believes that the surpluses with which the province would be left would place educational, welfare and developmental expenses at national average.

Drastic Economy Dangerous

All services of Saskatchewan were cut to exceedingly low levels during the period of retrenchment. According to the Sirois Report the reductions were dangerous to the province and to the country as a whole. Commenting on this aspect of the province's operations the Report states:

"Inferior standards of education and public health services have had insidious and extremely injurious effects on both the area immediately concerned and the rest of the country. Particularly in time of depression when personnel affected by disproportionate wage cuts cannot readily shift, and when individuals as well as the community continue running to some extent on accumulated reserves and along traditional lines, standards may be maintained. But over a long period of time the quality of the service adjusts itself to the new economic level. This process makes certain superficial savings to the governments and taxpayers concerned, but leads to economic loss and wastage, human suffering and ultimately serious impairment of provincial autonomy and national strength."

Relief Burden Cripples

It is evident that it is not within the powers of Saskatchewan to restore these standards from its own resources. The necessary revenue is lacking and there is little hope that income from wheat will be restored for some time.

Nor has it been possible for the province in the past decade to do more than cut its costs to fit the meagre cloth on hand.

The problem is still acute. The area affected by successive crop failure was equal to nearly one quarter of the improved farm acreage of Canada. It contained nearly one half the rural population of the province. In 1931 one half of the farm population of the province was destitute. From 1933 to 1936 the proportion was one third and, in 1937, two thirds. A large section of this population is dependent upon public charity. In addition to providing the cost of living for these people the Government also had to provide from one third to two thirds of the operating expenses of Canada's largest export industry. In Saskatchewan, seed, fodder and supplies advanced to farmers represented a burden not encountered in the relief of industrial employment.

Negative Farm Income

Relief costs constitute one of the heaviest drains upon the province. The effect of depression was doubled-edged. It both cut revenue of the treasury and imposed the burden of unemployment relief. To illustrate the drastic drop in income available for taxation the Sirois Report points out that income from agriculture dropped from $200 millions in the late twenties to an actually negative yield in 1932 and 1933. In 1937 it was still only one tenth of the 1929 figure.

In consequence provincial revenue slumped. Income of the Government, including Dominion relief payments, fell in the worst depression years to one third of the 1926-29 annual dollar average. It is evident that, despite any savings that could be made in other services, the cost of relief could not be met out of current revenue of Saskatchewan governments. Possibilities of additional taxation were precluded by the virtual elimination out of the wheat industry. Nor was there any past income or concentration of wealth in liquid or taxable form.

Takes 60% of Income

Direct and agricultural relief costs never at any time during 1930-37 fell below 27% of total provincial-municipal revenue. In 1937 costs rose to 163% of combined revenue. For the 1930-37 period expenditure on relief totalled 60% of provincial-municipal revenue, compared with 21% of the rest of the country.

The impossibility of meeting the cost of relief out of taxation is all the more clear when it is realized that total expenditure for this purpose during the eight-year period exceeded total net farm cash income of the entire province.

The following tabulation compares relief burden in Saskatchewan and the rest of the Dominion from 1930 to 1937 inclusive.

Total Relief Expenditure

	Sask.	Other Canada
% of total inc.	13.6	3.1
% of munic.-prov. curr. rev.	60.5	20.1
Per capita $	196	76

Drought in 1929

The province had its first experience of drought in 1929 and 1930, when the central and south central sections were severely affected by lack of rainfall. Principal part of the cost of aiding agriculture was borne by municipalities by means of provincially guaranteed bank loans.

Crop failure became steadily more widespread and, in 1931 both municipalities and province were unable to extend sufficient aid to the depressed areas. The Dominion Government stepped in after 1930 and assumed large proportions of relief expenditure. For several years it paid the entire cost of rural relief and agricultural aid in the drought area. Notwithstanding this, the portion left with the province proved to be greater than its resources. After 1932 it was unable to borrow. From this point the senior Government provided nearly the whole cost of relief by direct payment or by loans to the province or bank guarantees.

The following tabulation shows how relief was financed in the period from 1930 to 1937:

Cost of Relief
From 1930 to 1937 Inclusive
(In $000,000)

Total mun.-prov. curr. rev.	304.5
Total mun.-prov. curr. exp.*	310.0
Deficit	5.5
Total relief costs of mun.-prov.	178.1
Deficiency of rev.	183.6
Less: Dominion share	71.9
Mun.-prov. deficit	111.7
Dom. loans to Prov.	62.1
Seed grain loans Dom. guar.	17.1

*Excluding relief.

Province's Debt Doubles

This estimate shows that deficiency of municipal-provincial revenue reached $111.7 millions in the eight-year period, after taking into consideration burden assumed by the Dominion. Loans to the province by the Dominion were $62.1 millions, and seed grain loans guaranteed by Ottawa $17.1 millions.

In these years total debt of the province was more than doubled. Three quarters of the increase was attributable to relief costs. From the lowest per capita deadweight in 1929 the province reached the highest by 1937. This increase came about despite a greater measure of Dominion assistance to the province. The Dominion bore half the costs of Saskatchewan relief, against one third in other provinces. Direct and guaranteed Dominion loans supplied 35% of the total and only 15% was raised by the province and municipalities. The municipalities were able to bear only a relatively small portion of the burden, leaving the major share of the outlay in excess of the Dominion's share to the province.

Long-range Rehabilitation

There is little prospect of great improvement for employment in Saskatchewan in the near future. Relief will be a great burden upon the province while the wheat-growing industry is shackled by a lack of markets. There is no prospect of bringing public services up to the level deemed necessary by the Sirois Commission.

The province has debentures maturing in the next few years of moderate proportion in ordinary circumstances, but it would be impossible for Saskatchewan to arrange refunding without the cooperation of institutional holders and the Dominion. The province is in reality excluded from the capital market because of its credit position.

Only implementation of the Rowell-Sirois report appears to offer salvation. Opinion in the province would unquestionably support the plan.

If long-range benefits to the Dominion in rehabilitating the province are realized, no corporate body can have an ailing member in its organization without seriously affecting the economic health of the body as a whole.

Private Firms Continue Home Renovation Loans

Step in to Meet Need Created by Termination of Government Home Improvement Plan, on Similar Financing Basis

Despite withdrawal of Government guarantees for Home Improvement Plan loans, effective Oct. 31, financing on a similar basis is being continued by private interests for renovations to dwellings. Facilities for loans on terms patterned closely on the H.I.P. have already been made effective by Standard Sanitary & Dominion Radiator Ltd., Gurney Foundry Co., General Steel Wares Ltd., and Canadian Johns-Manville Co.

The first three concerns will utilize the finance auxiliaries they have previously maintained to facilitate work using their products—Heating & Plumbing Finance Ltd., Gurney Finance Ltd. and G.S.W. Acceptance Co. The Johns-Manville Co. has for several years operated its own deferred payment plan through its dealers, and recently reduced the consumer financing costs and otherwise adapted it for wider use.

The basic finance charge for loans made through G.S.W. Acceptance, Gurney Finance Ltd., and Heating & Plumbing Finance will be 5% for every 12 months of the loan term. Loans through the last mentioned firm for $175 or less will be repayable in a year, between $175 and $400 in 18 months, and between $400 and $1,000 in two years.

These terms are similar to those for H.I.P. loans, though the finance charge is higher than the 3¼% discount basis provided under the H.I.P. for loans repayable in installments.

Higher Rate

The H.I.P. discount on loans repaid by installments worked out at an interest charge of 6.2% on the average amount of loan through the year. On a similar basis, the basic charge of 5% under the private plans now being continued works out at an average interest rate of about 9%. Of course, the private plans are not protected by the H.I.P. Government guarantee against losses and defaults, and are not backed by Government prestige in regard to making of loans and ensuring collections.

The Johns-Manville plan has a basic finance charge of 6%, equal to an average interest rate of around 9%. The charge is higher because of the difficulty of repossessing the firm's products once installed, should the borrower default.

The continued lending facilities for residential improvements will also be available for renovation of commercial premises. In addition to the firms mentioned, it is understood several other concerns are operating plans for building improvements, especially in the plumbing, heating and air-conditioning field. Among these are Toronto Asphalt Roofing Co., Building Products, Ltd., and Crane's.

Position of Banks

The chartered banks, through whom Home Improvement Plan loans were made under the Government guarantee, at the stipulated rates, are in effect back on the same basis as before the H.I.P. scheme was launched four years ago. Prior to that time, the banks had made individual loans from time to time for such purposes as residential improvements, with rates and security set in accordance with the risks involved. As far as can be learned, they will now revert to a similar procedure.

Hope that the banks would continue to make loans on a basis similar to the H.I.P.—at moderate rates and repayable in installments—was expressed by Hon. J. L. Ilsley, Minister of Finance, in announcing termination of the Home Improvement Plan. Mr. Ilsley emphasized that losses incurred under the H.I.P., and which the Government had made good under the guarantee, had amounted to only ¼ of 1% of the total amount loaned. Over 62% of all loans has already been repaid by borrowers.

Reasons for Action

Several reasons were given by Mr. Ilsley for winding up the H.I.P. The limit on loans which may be covered by the Government guarantee was set by statute at $50 millions, and the cumulative total of loans had reached $48.2 millions by the end of September. The amount at the cut-off date, Oct. 31, was probably around $49 millions.

The Government's guarantee amounted to 15% of the aggregate amount of loans, which meant that an amount of $7.5 millions was potentially tied up by the H.I.P. Mr. Ilsley said it had been decided against extending the guarantee to conserve the Dominion's financial resources, and because of the demands of the war effort on labor supply.

Mr. Ilsley pointed out that the H.I.P. was designed largely to relieve unemployment in the building industry, that it had been highly successful in this regard, and that in any event the problem had been abated if not eliminated.

Surprised by Decision

Despite this explanation, the abrupt ending of the H.I.P. caused some surprise in the construction industry. It had been hoped in some quarters that the Government would extend its guarantee but at a percentage of only 7½%, in effect doubling the amount of loans permitted without increasing the actual amount of guarantee to which the Government would be committed. In view of the negligible volume of actual losses, it was argued, the halving of the guarantee percentage would be ample protection for the banks.

In some sections of the country, especially Alberta, some parts of the Maritimes, and northern Ontario and Quebec, there is said to be still considerable demand for home improvement loans because of lack of National Housing Act facilities for new residential construction. H.I.P. could also be useful, it is contended, in meeting the shortage of housing in areas of military concentrations and war industry activity.

It has been suggested that the Government might agree to continue the H.I.P. on a limited basis in certain areas where it is still required, but Ottawa has given no sign that this will be done.

Ontario Villages Reduce Debt

Healthy Improvement Also in Assessment, Tax Levies and Arrears

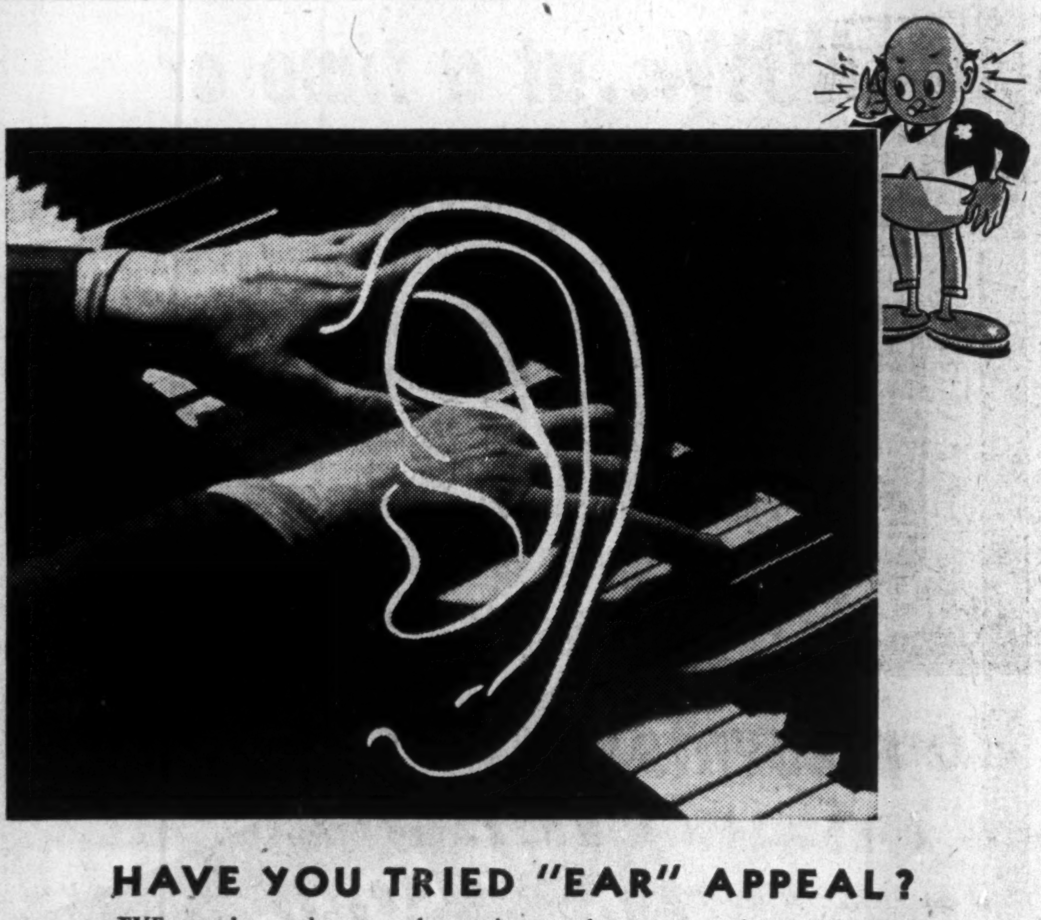
Total debenture debt of 156 villages of Ontario has dropped from $11.9 millions or $86.60 per capita to $10.1 millions or $68.52 per capita in the period 1934-39. This is shown by a survey released by Hon. Eric Cross, Minister of Municipal Affairs, dating back to 1934—first year for which comprehensive statistics are available.

Total population in Ontario villages was 147,764 in 1939—up 10,500 from five years previous. Assessment showed healthy growth, while per capita figures are down. Assessed value of property totalled $81.1 millions or $549 per capita in 1939, compared with $80.6 millions or $587 per capita in 1934.

Substantial improvement was shown in tax levies and tax arrears. Tax levies declined $1.48 per capita to $24.89, while tax arrears dropped $2.51 per capita to $8.77.

Canadn. Dredge Nets $100,000 Contract

Canadian Dredge & Dock Co., Toronto, has been awarded contract at an approximate price of $100,000 for rebuilding and extension of the Canada Steamship Lines dock at Midland, Ont. Algoma Steel Corp. has been given the subcontract for sheet steel piling. The reconstructed and enlarged dock, which is on property leased from the Canadian National Railways, will be 800 feet long and 30 feet wide.



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EYE appeal . . . colour appeal . . . price appeal . . . sex appeal . . . all familiar phrases to you. Of growing importance is the newer appeal of radio, an appeal which yearly exerts a greater influence upon sales . . . have *you* tried "ear" appeal in advertising?

The ear appeal of radio has many distinct advantages in selling. When properly used it is warm, real, personal, persuasive and convincing in its approach. It is YOU speaking directly to YOUR prospect . . . an approach which salesmen have always claimed to be the most effective and which sales results of radio-advertised products confirm.

Discuss radio with your advertising agency and let them add this strong medium to your fall and winter campaign. The "All-Canada" representative will gladly co-operate by supplying information on rates, time, and stations. His practical experience will help build a programme with "ear appeal" for the people you wish to reach. "All-Canada" service is available through any recognized advertising agency without cost or obligation. Write or phone our nearest branch.

ALL CANADA

ALL-CANADA RADIO FACILITIES *Limited*

MONTREAL TORONTO WINNIPEG CALGARY VANCOUVER

Exclusive Representatives of Leading stations from Coast to Coast

ASSEMBLY LINE EFFICIENCY in your Correspondence

ALL-ELECTRIC ELECTROMATIC WRITING MACHINE

COMPARED with manual typewriters, the efficiency and speed of ELECTROMATIC All-Electric Writing Machines is as the efficiency and speed of modern assembly line operations is to old-time hand-shop methods.

On the ELECTROMATIC Typewriter, good typists can do as much as 50% more work in the same time with less fatigue. No key pounding—no manual carriage return or back spacing. Ask for a convincing demonstration—no obligation.

BUSINESS INTERNATIONAL MACHINES

INTERNATIONAL BUSINESS MACHINES CO., LIMITED

HEAD OFFICE: 36 KING ST. EAST, TORONTO
FACTORY: WEST TORONTO

BRANCHES IN PRINCIPAL CITIES

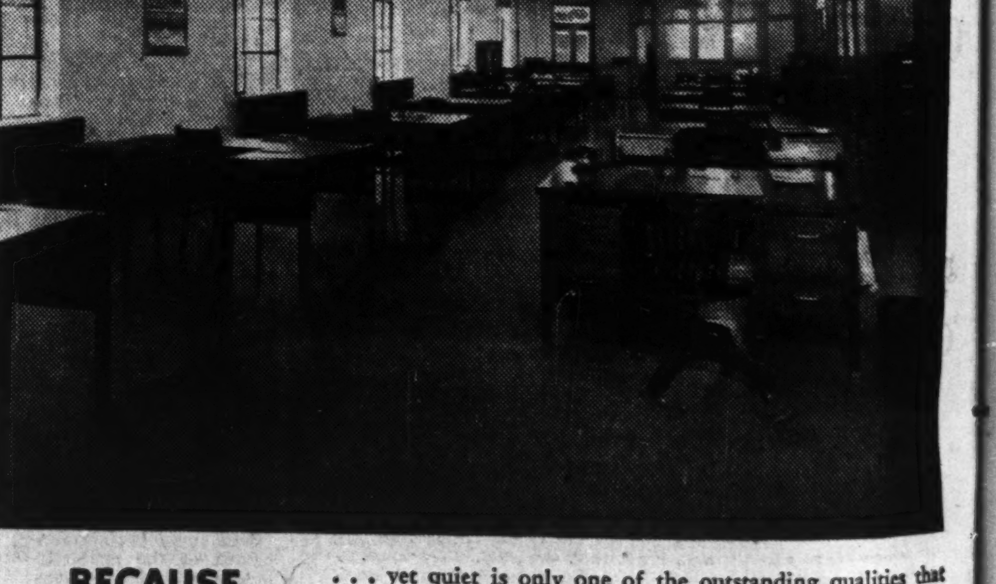
The WESTERN SAVINGS and LOAN ASSOCIATION

HEAD OFFICE: WINNIPEG, MANITOBA

OFFICES:

Agency Building	Edmonton, Alta.
221 A 8th Ave. W.	Calgary, Alta.
McCallum-Hill Building	Regina, Sask.
411 Avenue Building	Saskatoon, Sask.

THE *Accountant* LIKES DOMINION *Battleship* LINOLEUM



BECAUSE IT IS *Quiet*

. . . yet quiet is only one of the outstanding qualities that make Dominion Battleship Linoleum the popular floor for new buildings and for buildings under renovation. It is dignified in appearance, easy to clean, comfortable underfoot and never needs costly refinishing — a permanent floor, backed by our 5-Year Guarantee when laid according to simple specifications. Available in a wide range of colours and effects giving limitless decorative scope.

Write us for samples and literature.

DOMINION OILCLOTH & LINOLEUM COMPANY LIMITED MONTREAL

HOW MUCH OF YOUR OVERHEAD IS . . . UNDERFOOT?

Your Investments

What We Do:

1. Give information on Canadian securities to Financial Post subscribers.
2. Publish anonymously letters of general interest.
3. Supply facts rather than opinions.

What We Don't Do:

1. Answer enquiries of non-subscribers.
2. Answer enquiries on foreign securities.
3. Reply by telephone or telegraph.
4. Select list of securities; express opinions; or make forecasts.

Three-cent stamp and address label from subscriber's copy of The Financial Post must be enclosed. Address letters to The Financial Post, 481 University Ave., Toronto 2.

Canadian Pacific Railway

I hold an amount of Canadian Pacific Railway preference shares. When I bought them I was given to understand that they guarantee to pay $4.86 to the pound sterling but they have not done so. I would be glad if you could give me some advice on that point, as I only received $4.43 on my present dividends.

Canadian Pacific Railway's 4% non-cumulative preference stock is a straight sterling issue. Dividends are paid only in sterling funds. There is no provision in connection with this issue nor is there any obligation on the part of the company to pay in Canadian funds. You were misinformed if you were told that the company undertook to guarantee payment of dividends at the fixed ratio of $4.86 in Canadian funds on the pound sterling.

Consolidated Oka Sand

Is it not possible for the bondholders of Consolidated Oka Sand & Gravel to do something? These bonds have not paid interest for so long; are they worthless now?

There has been no move taken to bring about a reorganization of Consolidated Oka Sand & Gravel Co., largely for the reason that earnings of the company have not reached a point which would justify such action. For several years past the company has operated at a loss, the deficit in 1939 amounting to $31,343, after allowing for bond interest (unpaid) but before depreciation. Interest on the present bonds amounts to $43,615 annually. There has been a moderate improvement in the company's position, but nothing to warrant any undue optimism over the outlook. There is practically no market on the bonds, nominal quotations being bid 10 and offered 15.

Ottawa Electric

What is the condition of the Ottawa Electric Railway Co.? What chance is there of appreciation in its shares?

There is little speculative interest in the capital stock of Ottawa Electric Railway Co. Earnings have been fairly consistent for several years past and since 1934 there has been a regular distribution on the common stock. Currently, operations are on a much better basis. Due to war conditions it is difficult to make forecasts, but it is the considered opinion of the directors that, if existing circumstances continue, the upward trend in income will continue.

B. A. Oil

I would like a general summary of the present position and outlook for British American Oil Co.

According to information issued early this month, British American Oil Co. is well on its way toward achieving a record sales volume in 1940. This would be the seventh consecutive year for the company to show record sales. Increased business is said to be due in part to war demands.

Last year British American earned $1.24 a share from its Canadian operations alone, compared with $1.14 in 1938. If dividends from U. S. subsidiaries applicable to the respective years are included, total earnings were $1.41 a share in 1939 as against $1.37 in 1938. Thus it would seem the current $1 a share annual dividend is covered with a fair margin from Canadian operations alone. Higher taxes this year will undoubtedly keep the rate of gain down over what it would have been under the circumstances of increased volume this year.

British American has important crude oil producing interests in the United States, where about 50% of its requirements are obtained. These properties have been the source of important revenue in recent years.

Financial position is satisfactory, with working capital of $12.7 millions at the end of last year, marking a new peak. The war may bring certain changes to the operation of petroleum refining and distributing companies in Canada. It is not impossible that some restrictions will have to be placed on civilian consumption of gasoline. In the meantime the stimulated business conditions generally have meant substantial increases in use of petroleum products.

Wellington Building

What is the present position of Wellington Building Corp?

Wellington Building Corp. operates a 12-story office building in Toronto. It has been operated by a receiver, London and Western Trusts Co., since default of interest on the 6½% first mortgage bonds in 1930.

The company has been showing better results recently due to the policy of reducing operating expenses. Some attempt has been made to clear up arrears of interest on the 6½% first mortgage bonds. Most recent payment was a distribution this year of 3.25%, plus accrued interest of 1.02%, on coupon No. 14, due July 5, 1935. It would appear, however, that a substantial improvement in the company's position would be necessary for all arrears to be cleared up.

Montreal Power

Your comment on the stock of Montreal Light, Heat & Power Cons. would be appreciated.

Montreal Light, Heat & Power Consol. has experienced a substantial upturn in operations in the current year. Output of electricity in the first nine months of the current year was up 12.03%, while gas production increased 2.93%. The company is the largest privately owned retail distributor of gas and electricity in the Dominion. Industrial activity in the Montreal area increased sharply since the outbreak of war, and demand upon the company's facilities has been heightened.

Gross revenues have increased but the betterment has not been reflected in net earnings because of higher costs, particularly of taxation. Taxation alone will show an increase from $1.5 million to $2 millions over 1939, the company estimates. Dividends on the common stock of $1.50 annually have been earned by a good margin for many years.

Ogilvie Flour

I am contemplating purchase of Ogilvie Flour Mills Co. common stock. Would you outline the current financial position of the company?

Ogilvie Flour Mills Co. reports net profit of $905,334 for the year ended Aug. 31, against $996,316 in the 1939 fiscal year. This was equivalent to earnings of $1.27 and $1.42 on the common shares. While operating profit showed substantial gain in 1940, heavier taxation, higher depreciation and other factors contracted net profit for the year.

The company's record of earning and financial position is very favorable. Net working capital amounted to $7.5 millions at Aug. 31, 1940, against $7.9 millions at the end of the previous year. Earnings have been stable and the dividend requirement of $1 a share on the new common stock is being comfortably covered.

Consold. Paper

I have been told that Consolidated Paper will pay interest in cash when the next payment falls due. Will you let me have your views on this?

Under terms of the arrangement entered into between the company and the bondholders, Consolidated Paper Corp. will pay cash interest on its bonds on July 2 next, provided that such payment does not reduce net working capital position below $10 millions. Such arrangement was in effect in respect to the interest due on July 2 last and, at that time, net working capital was less than $10 millions. Consequently the company paid interest in the form of common stock. Judged by improvements made by the company in the last few years, the net working capital position on July 2 next should be in excess of the $10 millions figure.

Prince Albert, Sask., Bonds

When I bought some Prince Albert, Sask., bonds I was told they are protected by a sinking fund. Why has interest been defaulted? I am told the city is under supervision of the Provincial Government. Is this right? What are the prospects for the bonds?

Principal of Prince Albert debentures seems to be reasonably protected by a sinking fund created when the city adjusted its indebtedness in 1931. It was provided that sufficient would accumulate to provide for maturity of the debentures in 1966. The immediate problem, therefore, is not danger of default of principal but rather of interest. The city claims its revenues are not sufficient to cover the year-to-year payments to service the debt. Debenture holders, on the other hand, claim the revenues are sufficient and a committee is working toward having payments resumed.

It is difficult just now to say definitely what prospects are for resumption of interest payments. The whole outlook depends much upon what transpires at an enquiry being held this month at the request of the city under the Saskatchewan Local Government Board "Special Powers" Act. The city and debenture holders are being represented. Until the Board publishes its findings, the outlook seems somewhat obscure.

A writ was issued against the city in August on behalf of L'Union St. Joseph du Canada (French-Canadian fraternal society of Ottawa). The society was seeking payment of defaulted interest. This writ has been blocked, however, by the enquiry.

Prince Albert is not under supervision of the Saskatchewan Government in the broad sense of the term, although there may be somewhat isolated direction of some of the city's affairs.

Current quotations on the city's bonds are about 40-45. Before interest was defaulted price was around 67-69.

Dominion Stores

Will you advise me of the present position and future prospects for Dominion Stores?

The immediate outlook appears to be reasonably encouraging for Canadian chain stores, of which Dominion Stores is one of the biggest operators. Primary factor is the general improvement of business in Canada as a result of the stepped-up war effort meaning bigger payrolls. No runaway in profits can be expected, however, as long as Ottawa is able to continue its present policy of price controls.

Considerable adjustment of policies has been effected by Dominion Stores during the past year or so. Merchandising methods are undergoing far-reaching changes, involving the opening of new groceteria-style units, conversion of existing stores to this type and the closing of unprofitable units. Decentralization has been brought about by dividing operations into six natural districts.

The changes are officially reported as favorable to the company's operations. Operating costs have been sharply reduced and the new "super" markets are said to be exceeding expectations.

Operations this year at latest report show an improvement over the same period of last year. It is too early, however, to say whether the company will be in the clear on results for the whole of this year. A favorable factor is the modification in the provincial taxes on chain stores in the Province of Quebec. The company has 68 stores in that province.

Steel of Canada

Is Steel Co. of Canada benefitting from war demand for steel?

The capacity of Steel Co. of Canada Ltd. is being utilized to the utmost. Production and shipments are continuing at peak levels, according to the president of the company. September and October both showed an increase over the same months of 1939, though rate of gain was not as high as previously.

Continuation of capacity operations for some time is almost certain. However, higher costs have reduced the margin of profit per unit. Prices of heavy steel products have been maintained unchanged since the outbreak of war. Increased volume of business has offset this factor to some extent, but because of higher taxes it seems doubtful if net profit for 1940 will be as high as 1939. In that year net profit totalled $4.7 millions, compared with $3.1 millions in 1938. Earnings on the common stock were $9.20 and $5.65 respectively. The regular dividend of $1.75 and an equalizing dividend of $2 a share have been covered by a wide margin.

Inter-State Royalty Gross $485,591

From Our Own Correspondent

MONTREAL.—Inter-State Royalty Corp. has advised the Montreal Curb Market that at Oct. 31 investment in oil royalties had a book value of $1,059,691. Gross revenue from royalty income since acquisition amounted to $485,591 to Sept. 30, and reserve for depletion totalled $133,538 to the same date.

During September the company had a gross royalty income of $3,653, while accumulated royalty income for the year to the end of September amounted to $39,186.

Second Inter-State.

Second Inter-State Royalty Corp., has informed the Montreal Curb Market that at Sept. 30 investments in oil royalties had a book value of $207,911.

Gross revenue from royalty income since acquisition amounted to $49,007 to Aug. 31 and reserve for depletion totalled $13,476. During August the corporation had gross royalty income of $397, while accumulated royalty income for the year to end of August amounted to $5,364.

Dominion Coal Workers Still Argue Over Aliens

From Our Own Correspondent

MONTREAL.—All Dominion Coal Co. collieries in Cape Breton are working again as a halt was declared in the series of strikes through refusal of native-born miners to work with men of alien descent.

About 1,700 miners quit work in the company's No. 11 mine and No. 1-B. They returned to work after a couple of days, with the aliens staying away from work pending a settlement of the controversy.

An attempt to settle the question of alien labor finally is expected to be made shortly at a meeting of representatives of the protested men, the United Mine Workers of America locals for the three mines and the U.M.W. district executive. The executive maintains the aliens are entitled to work if their records are clear.

CITIES RISE
on Savings

Savings of thrifty people like you and your neighbor built the city in which you live . . . its homes, its factories, its great buildings. Since 1855, the Canada Permanent has been helping people to save, and has been providing the funds which make construction possible. Firm faith in Canada, coupled with sound judgment, still governs the policy of the Canada Permanent. It is ready to serve YOU.

CANADA PERMANENT
Mortgage Corporation
Head Office, 320 Bay St., Toronto

THE
ONTARIO LOAN AND DEBENTURE CO
LONDON, CANADA
Established 1870
DEPOSITS ACCEPTED
5-YEAR DEBENTURES ISSUED
Deposits and Debentures (31 Dec., 1939), $11,793,464
Capital (Fully Paid), $2,000,000
Reserve Fund, $2,400,000

Mont. Power Gains Continue

Both Power and Gas Sales Up in October — Net Income Unchanged

From Our Own Correspondent

MONTREAL. — Montreal Light Heat and Power Cons. reports electricity output for consumption in the Montreal area continues to record improvement over last year, October returns totalling 121,692,695 kw.h. This is exclusive of secondary power sales and represents an increase of 9.75% over the same month last year.

The October gain is particularly noteworthy, the company points out, in that current comparisons are with a period last year when Daylight Saving had not yet been adopted as a war measure.

For the first 10 months of 1940 the company reports electricity output in the Montreal area of 1,092 million kw.h. This compares with 977 million kw.h. in the first 10 months of 1939, an increase of 11.78%.

Sell More Gas

Gas output for consumption in the Montreal area in October also showed further improvement over last year. October production totalled 430 million cu. ft., as against 419 million cu. ft. in the same month last year, a gain of 2.57%.

Cumulative returns on gas output for the first 10 months totalled 4,173 million cu. ft., compared with 4,055 million cu. ft. in the like period last year, an increase of 2.90%.

In discussing earnings of the company for the current year, John S. Norris, president, said: "Although our gross revenues have reflected the improvement in power consumption, net earnings have not shown a corresponding gain as higher taxes have offset the gains resulting from increased sales."

Pressed Metals Sales Show 1940 Gain

Earnings of Pressed Metals of America for the first half of 1940 amounted to $319,490, before depreciation and taxes, The Financial Post is told by J. W. Leighton, president. No comparative figures are available.

Sales by months to date for 1940 are ahead of last year and the company expects this increase to continue for the balance of the year. Further improvements have been made to equipment and facilities with a view to reducing production costs and to meet a possible labor shortage if it should occur in the near future.

Chas. Gurd Shows Sales Increase

From Our Own Correspondent

MONTREAL.—Sales of Charles Gurd & Co. have shown betterment in the year to date over the same period last year. Particularly in September and October was this improvement evident.

The company has engaged a firm of efficiency engineers to overhaul the company's methods. A new cost system is being installed. Until the results of the survey are made known results for the year will not be known.

Fears Default By Vancouver

Mayor Seeks Help from the Province in Restoring Revenues

From Our Own Correspondent

VANCOUVER.—This city's financial position is growing steadily more serious. Mayor Lyle Telford, in representations to the Provincial Government says that the city will be forced to default in its debt payments "in the not distant future," unless the province grants the city's plea for better terms. The city asks the Government to restore participation of the municipalities in the revenues from liquor sales and horse racing, and to contribute to the city a larger percentage of the Government's income from gasoline taxes.

Vancouver Facing Bankruptcy?

"When the war is over the taxpayers of Vancouver are going to be in a hopeless position and nothing but complete bankruptcy and default will face them, unless there is a radical change in the financial set-up," warns Mayor Telford. The Mayor is leader of the C.C.F. in the legislature as well as Vancouver's chief executive.

It would not seem likely the Provincial Government will go to any great lengths in meeting the city's request. The province is also feeling the pinch of rising expenditures and has been unable to convince Ottawa of its need for a revision of revenue distribution.

According to Mayor Telford, the corporation of Vancouver is approximately $14.4 millions in arrears in making required payments into sinking funds.

Disher Steel Construction

Contract for structural steel for an assembly building at London, amounting to $125,000, with construction to begin shortly, has been given the company by the Department of Munitions and Supply.

Pacific Power Shake-up

New President Suggests Mismanagement By Former Directors

Suggestions of mismanagement on the part of former directors of Pacific Power & Water Co. are contained in the annual report above signature of E. A. Riddell, president. The company serves interior B.C. towns from its plant at Alert Bay, and reported net profit of $9,617 in year ended June 30, last, down $18,018 from the previous year and insufficient to cover dividend payments.

Mr. Riddell became president in December, last, when a shake-up occurred in the board of directors, and was the only member of the old board to remain. The new directors are E. B. Westby, B. H. Gunning, Leon J. Ladner, E. W. I. Keenleyside, all of Vancouver, and Ross Peers, Chilliwack, B.C. W. Fitch is the new secretary.

Reporting that the new board, upon taking office, "found it imperative to make drastic policy changes," Mr. Riddell lashes out at the previous policy of paying dividends "not justified by the earnings." The new president adds that certain expenses properly chargeable against revenue were capitalized; "entirely inadequate provision was being made for depreciation; and some items of maintenance and upkeep expense were being charged to depreciation reserves which should have been charged against revenue."

Dividend Policy Revised

The new directors found it necessary to discontinue payment of all dividends on the second preferred and common shares, of which 96% and 68%, respectively, are owned by Pacific Western Investment Co. Dividends are being continued on the prior preferred shares, which are publicly held.

Vancouver Island Utilities Ltd. was found to be unprofitable and was sold in March to C. S. Wood and associates for $32,800 cash. This relieved the company of "certain onerous agreements and liabilities entered into by former directors and officials," according to Mr. Riddell. This cash, together with regular sinking fund payments, was used to retire $39,500 par value of the 5% first mortgage and collateral trust bonds, after which $271,000 remained outstanding.

Substantial increase of $9,000 to $22,000 was made in provision for depreciation. Operating expenses of $37,516—up $7,686 from the previous year—included $4,207 of non-recurring expenses.

REGISTRARS AND
TRANSFER AGENTS

Our facilities are such that we are able to offer the ultimate in service as registrars, transfer agents, or trustees under escrow, to mining or industrial companies.

MONTREAL TRUST COMPANY
Montreal Trust Building
61 Yonge Street Toronto
J. F. HOBKIRK, Manager

Maritime Tel. Sets Record

Wartime Activity Has Marked Effect on Operations to Date

From Our Own Correspondent

MONTREAL.—Long distance toll traffic carried by the Maritime Telegraph and Telephone Co. during September amounted to 164,677 calls. This represents an increase of 7,491 over the same month last year. The gain is abnormal, being approximately 13.2% above normal conditions, and reflects the situation arising from wartime activity.

A feature of the returns is that Trans-Canada traffic was very nearly doubled over peacetime conditions, while international traffic showed an increase of around 14.5%.

9.9% Gain To-date

On a comparative basis of last year, the nine months of this year showed Maritime traffic has increased approximately 9.9% over-all.

Number of stations installed on the company's system reached a new all-time high at the end of September, totalling 45,467. This represents a net gain of 328 during the month.

Nfld. Arranges Sale Of Codfish to Spain

All arrangements, including credits, have been completed for the sale of 117,000 qtls. of Labrador cured dried codfish to Spain by the Newfoundland Fisheries Board.

It was previously announced that 40,000 qtls. had been sold to Spain and that negotiations were proceeding for an additional amount. This amount has been increased by 77,000 qtls. Negotiations are proceeding for the charter of a second ship to transport the fish across the Atlantic. This latest sale means that the Iberian Peninsula will take nearly half of the total catch of Labrador cure, which is officially estimated at between 250,000 and 270,000 qtls.

COTTON FABRICS
AND YARNS

COLONIAL Sheets and Pillow Slips
MAGOG Fastest Fabrics

DOMINION TEXTILE
COMPANY, LIMITED
THE TEXTILE BUILDING, VICTORIA SQUARE, MONTREAL

Sensationally BIG!

Longer! Wider! Roomier! Big in Comfort and Luxury! More Brilliant Performance!

BIG New Bodies • NEW Massive Beauty • BIG Extra-roomy Interiors • NEW Interior Luxury • BIG New Wider Seats • NEW Faster Acceleration • BIG Over-all Length —Longer Wheelbase and Spring-base • NEW Soft Slower-action Springs • BIG Window Area increased up to 33% • NEW Stabilizer Ride Control • BIG New Heavy Rigid Frame.

CANADIAN CARS FOR CANADA
No cars or trucks sold in Canada utilize a higher percentage of Canadian material and labour than those manufactured by Ford Motor Company of Canada, Limited. An estimated 100,000 Canadians derive their livelihood, wholly or in part, from the Company's operations. Canadians who buy Canadian Ford products put their money to work at home.

LET'S look at the FACTS on the new Ford car! Let's see how it's a BIGGER car—and why it's a BETTER buy!

Wheelbase? *Two inches longer!* Seating width? *Increased as much as seven inches!* Better vision? *22% more in sedans, 33% more in coupe!* Ride? *Completely re-engineered for amazing new comfort: new soft, slow-action springs, new ride stabilizer!* Acceleration? *Already famous, now "stepped-up" for even faster pick-up in both lower gears.*

Add these to *new massive beauty* and *luxury* to match the brilliance of a *V-type, 8-cylinder engine*—plus penny-stretching *economy*—and you get just one answer.

Arrange right now with a Ford-Mercury dealer to *inspect* and *drive* this *bigger car*, this *better* buy!

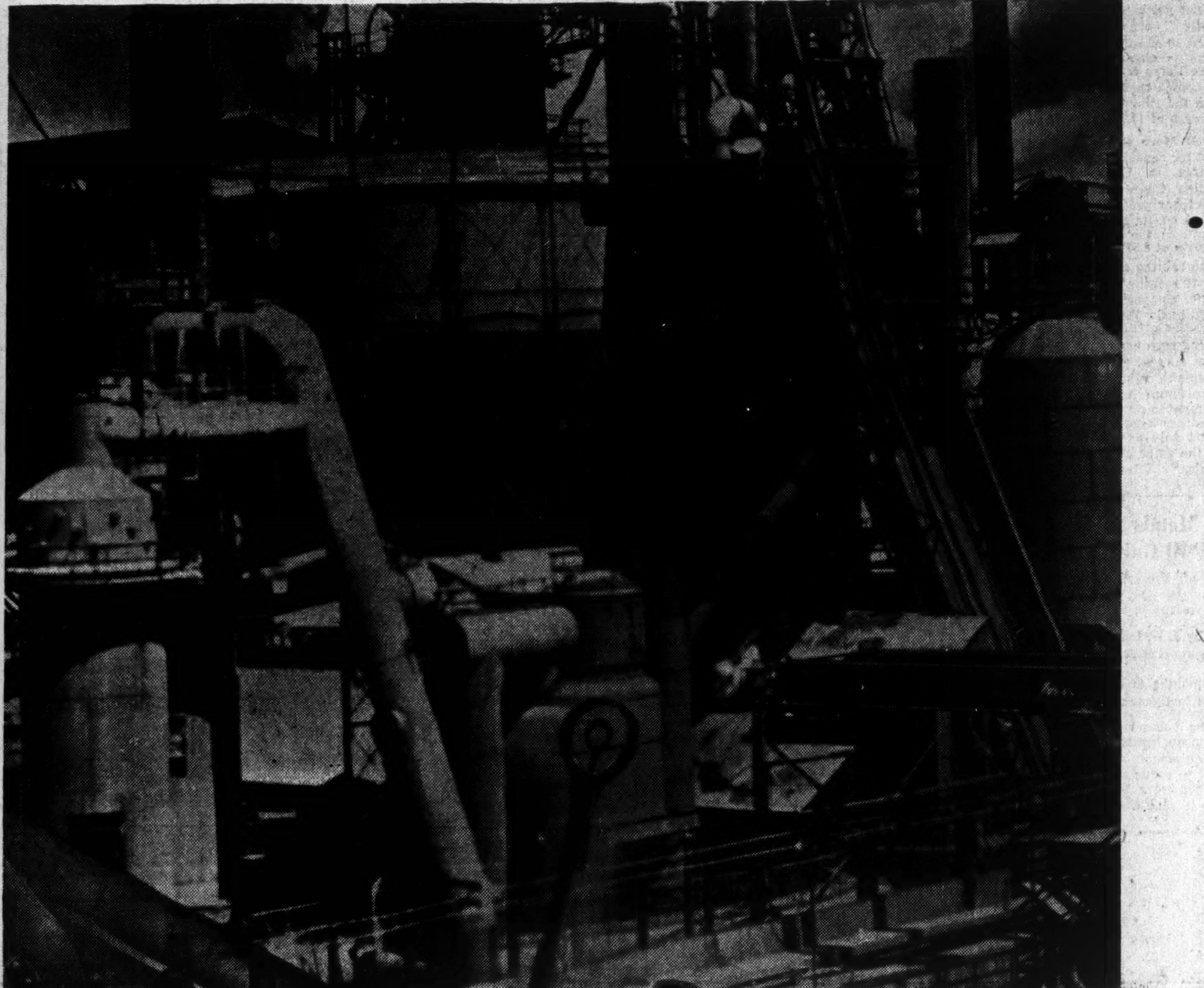
IMPORTANT!
Prices at factory for "Special Series" cars show only slight increases. Forder Sedan $26.00. Coupe and Tudor Sedan $30.00.
Compare these increases and Ford delivered prices with those of any other car. You can buy a '41 Ford for less than any other full-size car in Canada.

A BIGGER CAR—
A BETTER BUY!

FORD V-8 FOR 1941

The Front Line runs through the Factories

—*CHURCHILL*



. . . the BUY LINE runs through the Executive Offices

In aircraft . . . automotive . . . ship building . . . machinery . . . steel . . . mining . . . forest industries . . . munitions . . . textiles . . . railways . . . building construction . . . subsidiary industries . . . the tempo of the nation's production increases.

Are you getting your share of increasing industrial purchasing power?

When the tempo is swift, decisions of the nation's men of action are more important. In the moment of decision, what do they think of your products and services and what these can do for their firm?

The Financial Post is Canada's national streamlined medium for reaching industry's men of decision.

"To me the significant thing about your recent very impressive Industrial Front issue was the testimony it afforded to . . . the prestige of The Financial Post," **said one of industry's most astute judges of media.**

That prestige is further reflected in the fact that, as revealed by an independent survey, The Financial Post is Canada's best read paper by business men. It covers each week the trans-Canada buy-ways . . . the nation's largest and most influential audience of executive purchasing power.

Now of all times, it will pay to consolidate your position on the industrial front through advertising.

When the purchase of your equipment or services must be approved by several *executives* or the whole *board of directors,* you can rest assured that all will be disposed toward your product if you have conducted a thorough advertising campaign in The Financial Post.

Utilize this powerful direct selling force — The Financial Post — to your profit. Get in touch with our representative or your advertising agency.

THESE INDUSTRIAL ADVERTISERS

are reaching Canada's top-flight executive buying power through The Financial Post — The medium the advertising agencies recommend.

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Agency—J. J. Gibbons, Limited
ALBERTA PACIFIC GRAIN CO.
ALGOMA STEEL CORP.
Agency—Walsh Advertising Co. Ltd.
ALL-CANADA RADIO FACILITIES LTD.
Agency—J. Walter Thompson Co. Ltd.
AMALGAMATED ELECTRIC CORPN.
Agency—Ronalds Advertising Agency
ANACONDA AMERICAN BRASS LTD.
Agency—Lord & Thomas of Canada Ltd.
ATLANTIC SUGAR REFINERIES LTD.
AUTOMOTIVE INDUSTRIES OF CANADA
Agency—Cockfield, Brown & Co. Ltd.
AYERS LIMITED
Agency—A. McKim Limited
BABCOCK-WILCOX & GOLDIE-McCULLOCH LTD.
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BURT BUSINESS FORMS LTD.
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CANADA DRY GINGER ALE LTD.
Agency—J. M. Mathes Inc.
CANADA FOUNDRIES AND FORGINGS LTD.
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CANADIAN BANK NOTE CO. LTD.
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Investing in Wartime — One Year Later

Winning Portfolios in Post Contest Stand Up Far Above the Average in This Most Unpredictable of Wars

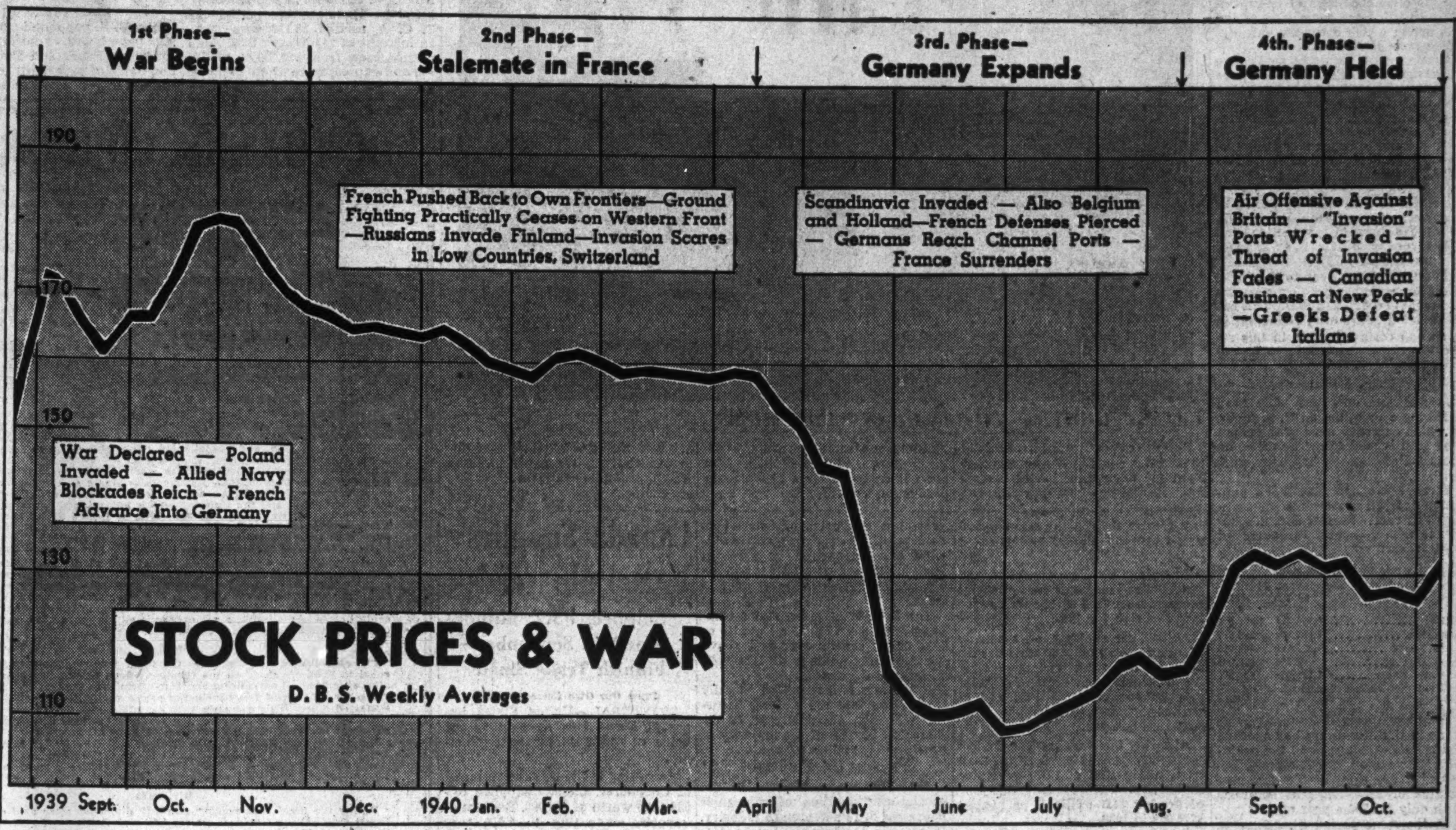
This week The Financial Post takes a second look at its "Investing in Wartime" contest of a year ago. It will be remembered that contestants were asked to select a portfolio to invest $50,000 for a Canadian businessman and submit argument in support of their selections.

Results from the prize-winning portfolios have been better than that shown by stock market averages in the same period although all are moderately down in market value.

The Financial Post has asked the authors of all entries that were published to outline any changes they would make if selecting their list now and to discuss the reasons for any changes. These letters will be published in succeeding issues.

Recognizing that there may be others among the 120 entries received in this contest that have shown even better results, The Financial Post invites any contestant of a year ago to send a letter outlining any changes which they feel should be made in the light of a year's development.

Contestants are asked to keep their letter to 500 words or less. The Financial Post will publish as many as possible of the letters received, paying regular space rates for those selected for publication.



STOCK PRICES & WAR

D. B. S. Weekly Averages

By A. D. ELLWOOD

A year ago 120 businessmen started off—in theory—with $50,000 and a brand new portfolio of securities to combat the risks of war as related to investments.

These portfolios were selected by 120 entrants in The Financial Post's Investing in Wartime Contest of last October.

Although this contest was sponsored with the idea of developing a long-term investment programme for Canadians, it is not too soon to check results which the various portfolios might have produced.

Every prize-winning portfolio has produced better results than the averages during this first year of war with its surprises and disasters.

Since Oct. 31, 1939, the date on which the contest closed, the common stock price index prepared by the Dominion Bureau of Statistics has declined from 107.9 to 80.1 at Oct. 31, 1940. This is a drop of 27.8 points, or 25.7%.

The D.B.S. industrial stock price index might be a more representative indicator in this instance as almost without exception contestants avoided bank and financial securities and were doubtful about utilities. In the year ended Oct. 31 last, the D.B.S. index of 68 Canadian industrial stocks dropped from 180.5 to 126.3, a loss of 54.2 points or 30%. The chart on this page traces this development and links it briefly with the world events mainly responsible.

A further measure that should be used is the mining stock index, as practically every contestant had Canadian mining stocks in his list. In this case the D.B.S. index dropped from 148.3 a year ago to 114.3 at Oct. 31 this year, down 34 points, or 22.9%.

In contrast with this is the performance of the prize-winning portfolios. One of these, that submitted by the winner of second prize, is down only 8.2% in market value; another is down 8.7%. Heaviest loser among the prize winners shows a theoretical loss in market value of 14.6%.

Moreover, these portfolios have all done at least as well as forecast from the standpoint of income. Most of them have done substantially better than calculated a year ago.

How the prize winners compare from these two standpoints of maintenance of capital and income in their first year follows. Original cost prices used are those submitted with the entries in the first place:

	Mkt. Val. Decline %	Income Calculated %	Income Actual %
H. J. Bird	8.2	5.11	5.16
Thomas Andrews	8.7	4.60	5.27
D. J. Agnew	9.8	4.01	4.32
S. C. Scobell	10.1	4.26	4.42
Leon Frazer	10.1	3.9	4.68
J. E. C. Pangman	10.1	4.14	3.99
Trevor F. Moore	11.1	4.04	4.09
Brian N. Barrett	11.7	5.22	5.76
J. C. Ingram	12.0	3.9	4.24
Allan P. Fisher	14.6	4.11	4.53

The above is an example of investment selection from which considerable satisfaction can be derived.

The Financial Post has not been able to check through all 120 portfolios submitted in this contest but it is quite possible that among the 100 or so which have not been checked there may be some that have given better results than those chosen for publication. If so an invitation is extended to the authors of these portfolios to present this fact, together with a brief summary of any changes they would make today and the reasons for them.

In addition to the prize winners The Financial Post also selected and published six additional entries on the grounds that they included some features of sufficient interest to make them valuable to investors. This list of six entries did not include any that would have given as good results as the best among the prize winners but most of them were about average.

Looking over these portfolios a year after they were selected, one thing that stands out is the help which selection of a reasonable proportion of high-grade bonds gave to maintaining market values. Dominion Government bonds are higher today than they were on Oct. 31, 1939. The D.B.S. index of long-term Dominion bonds stood at 116.1 on the last day of October this year, 3.2 points higher than it was a year earlier.

Inflation—bogey with many investors a year ago—has still to develop on a scale which threatens investments. But it is quite probable that the factors which persuaded many contestants a year ago to keep high-grade bond holdings down and to concentrate on short-term securities are still sound. This prevalence of short-term bonds, however, brings up the problem of reinvestment almost at once.

War stocks, so-called, a class which most contestants fought away from a year ago, have apparently given the poorest performance on the stock market. Judged by results to date, contestants were justified in avoiding stocks of the strictly "war baby" class. But this action in most cases was based on the long-term view that the supposedly inevitable post-war readjustment period would find such companies suffering more than others. At the same time, the arguments went on, such concerns would be exceedingly active during the war and there was good reason for seeking a share of this hoped-for prosperity. One contestant, for example, had drawn up a calendar of events setting out just when he would switch from bonds to stocks and back again as well as having certain other phases each calling for drastic portfolio adjustments.

Junior Golds Lead

On the subject of income, shrewd selection of certain junior gold stocks has aided some portfolios. Thomas Andrews, for example, whose portfolio showed the second smallest decline in market value and also the second highest percentage return on money invested, owes his good performance from the income standpoint to inclusion of 500 shares each of East Malartic, Preston East Dome and Kerr Addison, all junior golds which have recently joined the dividend-paying class. These stocks also contributed heavily to his favorable market showing.

Of more than average interest are the two portfolios summarized here which included only stocks. As seems inevitable, their market depreciation is somewhat heavier than that of most others. These two portfolios did not include any high-grade bonds, which proved such an important factor in maintaining market values for the other lists.

Take, for example, the list submitted by Brian N. Barrett which was awarded an honorable mention award. This portfolio shows an annual income of $2,833 for the past year, or 5.76% on its original cost. It is down in market value less than 12%. This list was selected primarily on the basis of protection against inflation, according to the article submitted at the time, and the future will prove whether or not he was right in choosing equities alone for protection.

On the whole, it appears that our mythical businessmen could not have avoided some depreciation in market value of their portfolios during this first year of war. Perhaps one reason is that the date the contest closed—Oct. 31, 1939, —also marked the highest point reached by stock markets since the outbreak of war. Moreover, few of us had any real understanding of the kind of war to which we were committed. The "blitzkrieg" with its lightning effect on countries and stock markets, was something beyond the average man's comprehension. The accompanying chart shows how the fortunes of war hit the stock markets.

But purchase of any of the prize-winning portfolios would have given results well above the average. Moreover, it must be remembered that most contestants emphasized that continuous supervision is essential to the best results from the field of investment. To supply some measure of this The Financial Post has asked authors of all entries published to write a letter giving any changes they would make in the light of present conditions or to outline why they would make no changes if that is the case. This same privilege is open to all other contestants.

Accompanying this article is a summary of comparative market values for all portfolios published a year ago in The Post, together with dollar income for the year. Also shown again are the two portfolios which appear to have weathered the first year of war with greatest success when measured only by the mechanical standard of market value.

Contest Portfolios After Year of Blitzkrieg

	Cost When Submitted $	Value Oct. 31, 1940 $	Income 12 mos. to Oct. 31 $
S. C. Scobell (First Prize)			
Defensive fund	16,260	16,453	595
Basic fund	16,188	13,310	676
Aggressive fund:			
Growth stocks	4,207	4,755	386
Cyclical speculations	5,352	4,036	30
Primary producers	7,890	6,312	517
Total aggressive fund	17,449	15,103	933
Grand total	49,897	44,865	2,203
H. J. Bird (Second Prize)			
Government bonds	10,310	10,375	375
Preferred stocks	14,900	15,730	958
Common stocks for appreciation	14,600	11,157	584
Common stocks for income	9,995	8,493	626
Grand total	49,805	45,755	2,543
D. J. Agnew (Honorable Mention)			
Bonds	10,490	10,000	498
Stocks:			
For capital maintenance	12,580	11,821	828
For capital appreciation	16,875	13,259	630
	29,455	25,080	1,458
Cash	10,000	10,000	200
Grand total	49,945	45,080	2,156
Allan P. Fisher (Honorable Mention)			
Bonds	19,238	17,508	775
Stocks:			
Foods	6,525	5,456	277
Heavy and allied industries	7,500	5,400	275
Power	762	562	43
Oils	2,400	1,844	142
Base metals	6,450	4,788	300
Textiles	3,375	3,637	193
Pulp and paper	1,425	925	50
Golds	2,325	2,575	208
Total stocks	30,762	25,187	1,488
Grand total	50,000	42,695	2,263
Trevor F. Moore (Honorable Mention)			
Bonds	8,200	8,150	300
Convertible securities	11,540	12,710	470
Sound equities	18,112	15,460	841
War stocks	11,350	7,404	401
Grand total	49,202	43,724	2,012
Leon Frazer (Honorable Mention)			
Government bonds	5,187	5,162	150
Corporation bonds	5,410	4,805	255
Preferred stocks	10,455	9,890	614
Common stocks	28,508	24,288	1,300
Grand total	49,560	44,145	2,319
J. E. C. Pangman (Honorable Mention)			
Liquid fund	15,000	15,262	487
Growth and equity fund:			
Convert. and partic. bonds and pfds.	14,305	13,800	572
Industrial common stocks	12,630	10,186	471
Mining stocks	8,033	5,695	465
Grand total	49,968	44,944	1,995
Brian N. Barrett (Honorable Mention)			
Common and preferred stocks (no bonds)	49,200	43,425	2,833
J. C. Ingram (Honorable Mention)			
For liquidity and safety	12,689	12,562	250
For stability and income	27,767	23,469	1,356
For appreciation and income	9,544	7,987	512
Grand total	50,000	44,019	2,119
Thomas Andrews (Honorable Mention)			
Bonds	10,650	10,350	500
Stocks:			
Base metals	11,950	9,575	600
Autos and equipment	5,437	3,912	200
Food and milling	6,200	5,100	225
Oil	2,300	1,813	100
Textiles	4,306	4,150	250
Gold mines	9,019	10,637	753
Total stocks	39,212	35,187	2,128
Grand total	49,862	45,537	2,628
H. B. McKibbon (No Prize)			
Government bonds	5,200	5,263	200
Corporation bonds	7,963	7,350	356
Preferred stocks	10,225	8,075	188
Common stocks (industrial)	21,725	17,025	950
Common stocks (mining)	4,975	3,912	252
Grand total	50,088	44,625	1,946
J. B. Hawson (No Prize)			
Short term bonds	10,069	10,175	250
Medium term bonds	9,987	10,000	387
Total bonds	20,056	20,175	637
Stocks	29,763	24,628	1,156
Grand total	49,819	44,803	1,793
Goodwin R. Harris (No Prize)			
Bonds	15,051	15,059	370
Stocks:			
Steels	5,865	4,037	144
Foods	4,955	4,312	212
Utilities	4,690	3,950	190
Oils	4,556	2,738	175
Golds	4,394	3,669	300
Base metals	3,719	2,869	200
Papers	2,675	2,600	185
Equipments	2,607	4,019	235
Rails	712	500	...
Textiles	663	700	...
Total stocks	34,836	26,794	1,456
Grand total	49,887	41,853	1,826
J. F. Clark (No Prize)			
Bonds	29,593	27,880	1,412
Stocks:			
Heavy industries	4,875	2,969	180
Oils	3,606	2,409	150
Base metals	3,219	2,394	600
Textiles	1,725	2,344	225
Power and chemical	1,819	1,369	68
Foods	3,150	2,250	125
Pulp and paper	2,150	1,106	...
Total stocks	20,544	14,841	1,348
Grand total	50,136	42,721	2,760
Stanley E. Nixon (No Prize)			
Short term bonds	25,412	25,413	600
Second grade bonds	6,495	6,350	310
Stocks:			
Basic industrial materials	5,920	3,847	237
Processors essential foods	5,935	4,875	244
Cyclical profit industries	6,218	4,674	105
Total stocks	18,074	13,396	586
Grand total	49,981	45,159	1,496
W. D. Ross (No Prize)			
Common stocks (no bonds)	46,840	34,792	1,808

Portfolio Selected by H. J. Bird, Vancouver

BONDS

Amount Security	Rate	Due	Price Oct. 21 1939 $	Cost $	Income $	Value Oct. 31, 1940 $
$5,000 Dominion	4 %	1945	104.00	5,230	200	5,263
$5,000 Dominion	3½%	1949	101.60	5,080	175	5,112
$10,000 par value		Total		10,310	375	10,375

PREFERRED STOCKS

Shs. Company	Dividend	Price Oct. 21 1939	Cost $	Income $	$
50 Can. Celanese	7%	112	5,600	350	6,250
100 Goodyear Tire	5%	55	5,500	250	5,500
40 Simpson's Ltd.	5% & 1%	95	3,800	240	3,980
	Total		14,900	840	15,730

COMMON STOCKS FOR APPRECIATION

25 Steel of Can.	$1.75 plus $2	87	2,175	93.75	1,862
50 Dominion Bridge	1.20	45	2,250	60	1,350
50 Ogilvie Flour	1.00	35	1,750	50	1,225
100 Imperial Oil	1.25	18	1,800	125	1,050
20 Can. Packers	3.00 plus $1	100	2,000	80	1,745
25 Dom. Textile	5.00	89	2,225	125	2,075
50 Inter. Nickel	2.00	48	2,400	100	1,850
	Total		14,600	633.75	11,157

COMMON STOCKS FOR INCOME

10 Bell Telephone	8.00	162	1,620	80	1,555
50 Shawinigan	1.00	23	1,150	50	913
10 Bank Montreal	8.00	195	1,950	80	1,850
50 Hiram Walker	4.00	41½	2,075	200	2,050
50 Dome Mines	2.00	28	1,400	100	1,150
50 Lake Shore	4.00	36	1,800	200	975
	Total		9,995	710	8,493
Grand total			49,805	2,559	45,755

Portfolio Selected by Thomas Andrews, Cornwall, Ont.

RESERVE FUND

Amount $	Security	Price Oct. 9 1939 $	Investment $	Income $	Value Oct. 31, 1940 $
10,000	Dominion of Canada 5% bonds, due 1941	106.50	10,650	500	10,350

COMMON STOCKS

Shares					
Base Metals					
100	International Nickel	46¾	4,675	200	3,700
100	Noranda Mines	72¾	7,275	400	5,875
Automobile Equipment					
100	Ford of Canada "A"	21⅝	2,162	100	1,725
50	National Steel Car	65½	3,275	100	2,187
Food and Milling					
100	Loblaw Groceterias "A"	27	2,700	125	2,650
100	Ogilvie Milling Com.	35	3,500	100	2,450
Oil					
100	British American Oil	23	2,300	100	1,813
Textiles					
50	Dominion Textile Com.	86⅛	4,306	250	4,150
Gold Mines					
50	McIntyre Gold	48⅝	2,431	100	2,737
100	Dome Gold	27¾	2,775	200	2,300
100	Bralorne Gold	10⅝	1,063	120	1,000
500	East Malartic	2.35	1,175	...	1,600
500	Preston East Dome	1.38	690	...	1,425
500	Kerr Addison	1.77	885	...	1,575
	Total		49,862	2,295	45,537

Pulp and Paper Industry

Outlook for Newsprint Profits

Dollar Income Prospects for 1940 Appear

Best in Years

By JOHN LANGDON
Eastern Editor, The Financial Post

MONTREAL.—Sufficient information is now available in the way of interim reports, tonnage shipments, etc., to enable holders of newsprint securities to form some idea of the manner in which corporate earnings will shape up this year.

Gross income should be well above 1937 returns which heretofore have been the best reported in many years. The gains in some cases will be exceptionally good. This, in part, reflects higher operations.

To the end of September Canadian newsprint mills collectively produced 2,573,605 tons and shipped 2,584,795 tons.

Compared with the like period of the previous year, there was a gain of 514,706 tons in production and 565,342 tons in shipments, an increase of approximately 25%.

Throughout the year to date mill operating ratio has been consistently above that reported in 1939. This has made for a substantial reduction in operating costs. Savings in this respect have offset advance in cost of materials, labor, etc.

U. S. Premium

In addition, operators have been receiving a premium on U. S. funds, in which currency most of the paper they ship is paid for. The effect on gross dollar revenue has been quite marked.

Five of the operators have published interim statements on earnings this year. Results obtained, together with comparative figures for 1939, follow:

Gross Operating Income
Nine Months Ended Sept. 30

	1940	1939
	$	$
Abitibi	5,924,436	1,921,410
Brompton	1,087,130	380,517
Great Lakes	†1,221,174	†569,846
M. & O.	3,826	*1,599,995
St. Law. Paper	1,288,765	538,517

†Eight months ended August.
*Loss.

Premium received from payments made in U. S. funds has had a strong bearing on earnings of all the operators. Brompton, for example, received a premium in the first nine months of $124,974. This contrasts with only $13,793 a year ago.

In the same period St, Lawrence Paper Mills' premium income was $644,180, compared with $27,487 last year.

Abitibi reports a premium income to the end of September of $1,048,007. The corresponding figure for 1939 is not available, but it is doubtful if it ran to more than a few thousand dollars.

The effect which the premium has had on earnings of three of the companies is shown in the table below, which records gross income this year in comparison with the like period of 1939, with premium income eliminated:

Gross Operating Income
(With U. S. dollar premium eliminated)
Nine Months Ended Sept. 30

	1940	1939
	$	$
Abitibi	4,876,429	1,921,410
Brompton	862,156	366,724
St. Law. Paper	842,585	511,030

One interesting fact brought out in this compilation is that gross income of Brompton for the nine months, exclusive of premium on U. S. funds, was greater than for the associated firm, St. Lawrence Paper Mills.

The gross income of the five companies for the nine months period should not be taken as indicative of what the outcome for the year is likely to be. Such a calculation might lead the investor far astray.

Moderate Contraction

In the first place the U. S. premium income which has figured so largely in the returns to date will be present in accounts for the last quarter of 1940. As it was also present in the same period of 1939 the gain in gross income is not likely to be nearly so marked in the closing three months of the year, as was the case with earlier quarterly periods reported.

In addition the trend of late points to a moderate contraction in production and shipments. A year ago, that is for the last quarter of 1939, there was a sharp bulge in production and shipments to meet conditions arising from the outbreak of war.

At the best it is not likely that revenues of the newsprint operators in the last quarter of 1940 will be any greater than in the same period a year ago; in fact, may be somewhat less.

Allowing for this, however, the gross dollar income of the newsprint companies for 1940 will be well above that reported for 1939.

Abitibi, for example, on the basis of earnings already reported, may show an operating income—exclusive of income from Provincial Paper—of between $7.5 millions and $8 millions. This would compare with $3,450,595 last year.

Allowing that earnings for the last three months of 1940 will differ little from like period of 1939, Brompton should show a gross income this year of around $1.5 millions, as against $774,035 in 1939.

St. Lawrence Paper Mills indicated gross income this year is about $1.6 million, against $840,297 last year.

Great Lakes Paper may show $1.7 million, compared with $1,053,942 in 1939.

Minnesota and Ontario Paper's earnings for 1940 are more difficult to appraise as interim income is reported on a net basis. To the end of September net income, after interest, depreciation and other deductions, amounted to $3,826. On the same basis there was a net loss of $1,599,995 in the comparable period of 1939.

Other newsprint operators do not publish interim earnings. The foregoing cases, however, indicate clearly a notable expansion of earning power this year, for as the commercial mills operate on much the same basis, the gain should be uniformly spread over all operators.

Net Earnings

There is no questioning that earnings will be greater this year. But where investors are likely to run into difficulties is in attempting to co-relate these interim gross figures to net figures.

Since last year provincial taxes have been increased. The federal income tax has been raised. Then there is the excess profits tax.

The new federal tax basis provides that where accounts are consolidated, the taxpayer must pay a minimum of 32% and where a general statement is filed only 30%. These are the minimum base income and excess profits taxes on all net profits.

Because of the incidence of this greatly increased corporate taxation—nearly double—it may be taken for granted newsprint companies will make many major changes in their income accounts.

In view of the sharp increase in gross income, those companies which have skimped on depreciation and repletion reserves — and there are many — will write such charges up to the maximum allowed by the Federal Income Tax Division.

Regular income tax will eat a big hole into earning for the current year, but the point of interest to holders of newsprint securities is what concessions will be made in applying the excess profits tax to the companies in which they have a stake.

The E. P. T. provides that a company must pay 12% of all profits or 75% of all profits over and above the four-year average of 1936-1939, whichever is greater.

If the law is interpreted literally this means that the Federal Treasury will take practically all of the increased income of the majority of newsprint operators.

Special Consideration

However the act provides for special consideration of companies depressed or in a depressed industry. It is known the newsprint companies will make application for special consideration, or the setting up of a standard of profits.

Just how this will work out remains to be seen. For the newsprint investor, on the other hand, it is well to temper enthusiasm over the recovery of earning power with the thought that the newsprint industry expects and will be asked to pay its share of the war costs.

In some cases net income left to the operator after provision for senior charges and payment of taxes, will not permit of any distribution of earnings on capital stock. Even if net profits did permit, it is likely that the management of those companies which have been particularly hard hit in past year would continue their past policy of ploughing back all surplus income into the company.

Improving Properties

Over the past four or five years, which cannot be described as particularly profitable one for the newsprint companies, the greater part of surplus revenues have been turned back into the property. Improvements which have been effected, while not generally appreciated by the average investor, have been most marked.

For example, Abitibi has bettered its working capital position by over $9 millions from the end of 1935 to the close of 1939.

In the same period Consolidated Paper converted an excess of current liabilities over current assets of $3.5 millions to a favorable balance of nearly $7.5 millions, a net improvement just short of $11 millions.

Minnesota and Ontario has improved its net working capital since 1935 by $1.8 millions, while Price Bros. and Co. has added $2.5 millions to its favorable balance.

The change in the net working capital position of nine of the principal newsprint manufacturers since 1935 is set out below:

Working Capital

	at end of 1939	at end of 1935
	$	$
Abitibi	10,772,657	1,762,551
Brompton	2,419,651	1,545,877
Consolidated	7,479,261	‡3,489,287
Great Lakes	1,960,864	*1,095,472
Lake St. John	2,084,271	1,308,665
Mersey	†1,852,623	‡2,455,533
M. & O.	7,170,759	5,366,474
Price Bros.	9,745,148	■7,207,166
St. Law. Pap.	1,424,385	685,470

‡Deficit.
*Dec. 31, 1936. ■Mar. 31, 1937.
†$2,760,000 reduction due to long term financing of bank loan.

During depression years, operators leaned heavily on the banks for financial support. By exercise of strict economy, bank debts have been slowly whittled down.

At the end of 1939 the loans totalled a little over $6 millions. At one time during the 1935-1939 period bank borrowings were over $28 millions.

The change in the loan position of the companies listed follows:

	1939	Peak during Period 1935-39
	$	$
Abitibi‡	......	4,008,000
Brompton	......	368,297
Consolidated	1,462,000	11,387,447
Great Lakes	......	200,000
Lake St. John	436,500	1,196,500
Mersey	428,000	*3,573,000
M. & O.	......	■306,646
Price Bros.	2,322,000	5,150,000
St. Law. Paper	1,733,100	2,285,254

‡Debts incurred prior to bankruptcy unchanged. Figures used apply only to receivers' certificates.
*$2,760,000 funded.
■Does not include debts incurred prior to receivership.

With publication of the 1940 statements, these companies will show little or nothing in the way of bank loans. For instance, during the first quarter this year Consolidated Paper liquidated the remainder of its bank loan of $1,462,000.

The improvement which has been effected in paying off temporary borrowings is best illustrated by the case of Consolidated Paper. When this company took over Canada Power and Paper in the fall of 1931 it acquired a heavy floating debt which at one time amounted to over $15 millions. As indicated, these loans have been repaid in full.

Heavy capital expenditures have been made by all the operators. In most cases it has not been for expansion, but rather for improvements to existing facilities, further refinements in operations, needed auxiliary equipment, etc.

Expenditures in this connection are difficult to gauge. Again taking Consolidated Paper as a case history, the annual reports of that company show a net capital expenditure in 1939 of $388,697; 1938, $699,154; 1937, $1,228,632; a total for the three years of $2.3 millions. All of this outlay has resulted in increased efficiency and greater earning power.

Position Improved

The policy of conserving surplus income has strengthened the position of operators in many other ways. Last year, in the face of increased business prospects and rising costs, inventories were increased sharply and financed largely from the companies' own resources.

This tendency of higher inventories to keep pace with the increase in business, particularly in the past year, is seen more clearly in the following tabulation:

Inventory Position

	at end of 1939	at end of 1935
	$	$
Abitibi	5,894,912	3,647,113
Brompton	1,144,596	887,175
Consolidated	7,897,186	‡5,022,138
Great Lakes	1,475,587	*890,209
Lake St. John	1,802,441	1,010,218
Mersey	1,492,710	663,222
M. & O.	3,208,740	3,122,468
Price Bros.	8,202,512	■5,473,468
St. Law. Paper	2,645,110	1,106,615

‡Mar. 31, 1936. *End of 1936.
■Mar. 31, 1937.

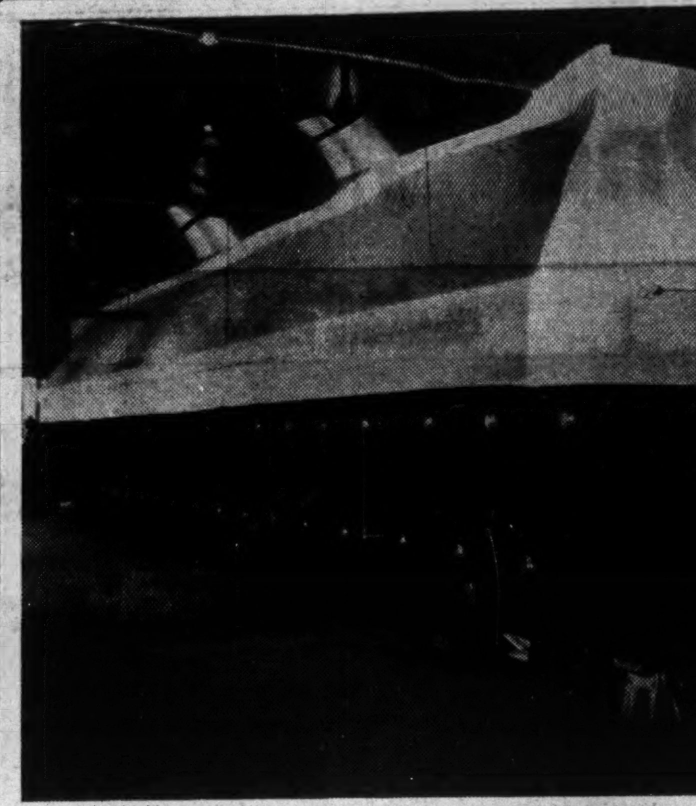
On the whole newsprint companies have done much to clear up their financial position. Loans have been liquidated; millions spent on plant account; working capital built up to more adequate proportions.

The only thing that industry as a whole has failed to do has been to pay a reasonable return on invested capital. For the past few years it has been necessary to "mend fences." some have done that more quickly than others and placed their capital stock on a paying basis. But they are the exception, rather than the rule.

Under present conditions it is possible for the companies to show adequate earnings in so far as gross dollar income is concerned.

What the investor is more interested in knowing, however, is the percentage of the increased earnings the operators will be allowed to retain after paying all taxes. No one knows the answer at this stage.

As far as the senior securities are concerned — mortgage bonds — the 1940 financial statements of all the operators should show interest charges covered by a comfortable margin after adequate provision for depreciation and depletion. Stockholders will not know how they fare (except in the case of one or two companies which have been successful in showing reasonably satisfactory earnings since 1936), until after a decision has been handed down by the Income Tax Division on the expected application for relief as a depressed industry under the terms of the Excess Profits Tax Act.



LATEST ADDITION TO CANADIAN PAPER MILLS

Building Products Ltd. officially opened this week in Winnipeg a new plant for the production of roofing felt, insulating board, wallboard, building, sheathing and waterproofing papers and allied lines. The plant is designed for a 15-ton daily production capacity and was built at a cost of $250,000, including equipment. Above is the paper machine which produces wallboard, roofing paper, etc.

Canada Supplies U. S. Pulp Needs

Shipped $3.7 Millions Worth in September — Finnish Trade Small

From Our Own Correspondent

MONTREAL.—United States imported 65,554 tons of pulp to the value of $3,825,013 during September.

According to the U. S. Department of Commerce, Canada supplied 63,538 tons worth $3,696,798. Balance of imports, amounting to 2,016 tons valued at $128,215, originated in Finland.

There were no imports from Sweden or Norway, which normally supply a fairly substantial proportion of the U. S. imports of pulp.

Canada Dominates Trade

Particulars of the U. S. pulp imports for September by the type and country of origin follow:

U. S. Pulp Imports
(In tons)

	Canada	Finland
Mechanical:		
Unbleached	13,168	....
Screenings	19	....
Sulphite:		
Unbleached	18,274	374
Screenings	293	....
Bleached	15,233	58
Rayon	5,956	....
Sulphate:		
Unbleached	5,478	1,584
Bleached	4,191	....
Soda pulp	926	....
Total	63,538	2,016

T. C. A. Traffic Continues Gains

Traffic Handled Much Greater Than in Same Month Last Year

From Our Own Correspondent

MONTREAL.—Trans-Canada Airlines carried 6,337 passengers in September. This was 3,820 more than for the same month in 1939, but was 724 less than August.

Mail load aggregated 86,049 lb., a considerable increase over the previous month and twice the 1939 volume.

Express rose from 12,335 lb. in August to 12,776 lb. in September

In the three-quarter period the T. C. A. carried 38,110 passengers, an increase of 24,078 over 1939. Mail carried grew from 320,209 to 646,785 lb., and express from 32,410 to 75,704 lb.

Consolidated Paper Issues More Stock

From Our Own Correspondent

MONTREAL.—Consolidated Paper reports that during October the company issued 5,270 shares of capital stock, in payment of interest, making a total of 2,541,061 shares now outstanding.

At the end of last year the company had issued 2,308,789 shares, so that to date 232,272 shares have been issued in payment of interest. There are still about 25,000 shares to be issued to complete payment.

U. S. Paper Mill Activity Records Minor Gain

From Our Own Correspondent

MONTREAL.—Rate of production in the U. S. paper industry, excluding paperboard, according to the American Paper and Pulp Association index of paper mill activity, was 89.3% for the week ended Nov. 2.

October Housing Loans Close to 1939 Level

After sagging well below 1939 levels for the past few months, volume of National Housing Act loans swung upward in October and total of loans was only 8% below the same month last year. Loans during the month numbered 399 and aggregated $1,197,661, compared with 435 loans amounting to $1,312,974 in Oct., 1939.

All of last month's loans were to finance single family houses, while a year ago loans for apartments and multi-family dwellings had not yet been suspended by the Government. Nearly 80% of loans in October were for amounts of $3,500 or less.

Cumulative total of N.H.A. loans to date now stands at $63.8 millions, covering 18,887 housing units. Of this amount, more than $33 millions was loaned in Ontario and $14 millions in Quebec.

BACHELOR CIGARS
100% Havana Filler
10¢

DISTILLERS CORPORATION - SEAGRAMS LIMITED

(INCORPORATED UNDER THE COMPANIES ACT, DOMINION OF CANADA)

AND ALL SUBSIDIARY COMPANIES

Officers and Directors

President: Samuel Bronfman, Montreal
Vice-Presidents: Allan Bronfman, Montreal. H. F. Willkie, Louisville, Ky. James E. Friel, New York City, N.Y.
H. F. Glass: Comptroller and Secretary-Treasurer

Samuel Bronfman - Montreal
Harvey D. Gibson - New York City, N.Y.
Aime Geoffrion, K.C. - Montreal
Frank R. Schwengel - New York City, N.Y.
Allan Bronfman - Montreal
Thomas H. McInnerney - New York City, N.Y.
William B. Cleland - Toronto
H. F. Willkie - Louisville, Ky.
James E. Friel - New York City, N.Y.

REPORT OF DIRECTORS

TO THE STOCKHOLDERS:

Your Directors submit herewith their twelfth Annual Report covering the operations of your Company and its subsidiaries for the fiscal year ended July 31st, 1940, together with the Consolidated Statement of Earned Surplus and Profit and Loss, and Consolidated Balance Sheet as at July 31st, 1940, as certified by your Auditors.

A very substantial majority of the assets, liabilities, sales and earnings reflected in the Consolidated Statements originate in the accounts of subsidiaries in the United States, and in view of differences between the currencies of Canada and the United States it was deemed desirable to express our financial statements at July 31st, 1940, in United States currency. The following general principles of exchange conversion were applied to items other than those located in or which originate in the United States; inventories on hand and inventory items included in cost of goods sold are stated at the equivalent United States dollar cost at time of production or acquisition; other current assets, unexpired charges and current liabilities at the official rate of the Foreign Exchange Control Board, Ottawa, at July 31st, 1940; additions to capital assets and capital stock during the year and profit and loss items, other than inventory sold, are stated at the prevailing control rates. As a result, a net exchange adjustment of $79,174.08 has been charged against the earnings of the year.

Profits

The consolidated net profits for the fiscal year amounted to $9,716,798.19, equal to $5.08 per share on the Common Stock outstanding July 31st, 1940, after absorbing all advertising and administration expenses and making provision for all accrued taxes including excess profits taxes, and dividends on Preferred Stock. This compares with consolidated net profits of $6,566,313.44 (Canadian currency) in the preceding year equal to $3.29 (Canadian currency) per share on the Common Stock then outstanding.

During the year $423,653.82 was received from the United States Government, representing a refund of taxes paid on whisky lost in the Ohio River floods during the Spring of 1937. The entire loss was charged to Profit and Loss in our accounts for the year ending July 31st, 1937.

Dividends

During the fiscal year regular quarterly dividends were paid on the Preferred Stock. Four dividends on the Common Stock were paid, the first at the rate of 50c. Canadian currency per share and the three succeeding payments at 55½c. Canadian currency per share. In connection with the latter three dividends your Directors considered it desirable to pay the same at a rate which would yield 50c. United States currency to shareholders who were non-residents of Canada.

Surplus

During the year 4,600 shares of Preferred Stock of a par value of $460,000 were purchased on the market for sinking fund requirements at a cost of $339,977.92, which latter amount was charged to earned surplus pursuant to the requirements of The Companies Act, Dominion of Canada.

After providing for the afore-mentioned dividends and sinking fund appropriation amounting to $4,557,049.01, the consolidated earned surplus of your Company has been increased during the year by $5,159,749.18 to $33,527,132.42. Any distribution of the assets is presently subject to governmental approval under war-time regulations.

Capital Surplus was increased to $970,000 by $460,000, representing the par value of Preferred Stock retired and cancelled.

Sales

The consolidated net sales of your subsidiary companies amounted to $103,231,334.68. The increase in sales was general both in the United States and Canada, but we would point out that sales in the United States during the last quarter of our fiscal year were unusually high due largely to heavy buying in anticipation of the increase in Internal Revenue taxes which came into effect on July 1st, 1940.

We have continued our policy of supporting the high standard of our products with aggressive advertising and selling campaigns and following our usual practice have absorbed all the expense of these activities in the cost of the operations for the year.

Finance

Our financial position was enhanced during the year. Consolidated current working assets exceeded all liabilities, including long term bank loans by $43,875,399.03, an increase over last year of $3,357,590.33.

Capital Expenditure

Our policy of adopting the latest improvements in distillery equipment in order to maintain our plants at the peak of efficiency has been continued and additions and improvements were made to your properties at a net capital expenditure of $1,729,815.02. These consisted principally of new dry-house buildings and equipment at Lawrenceburg, Indiana, in order to improve methods of recovering dried grain (a by-product sold for cattle-feed) and improvements to water treatment equipment; at Louisville, Kentucky., additions were being made to distillery buildings and improved fermentation equipment was installed, also an up-to-date bottling plant, to replace a temporary plant, was nearing completion; at Baltimore, Md., additions were made to the bottling plant and equipment; in Canada, we also installed improved distillery equipment. The adoption of these additions and improvements necessitated the dismantling and disposal of various buildings and equipment and other changes, and their net book value of $406,971.75 has been charged against the earnings of the year as Loss on Disposal of Capital Assets.

Capital Structure

The total outstanding Preferred Stock at July 31st, 1940, was 160,300 shares, having been reduced by 4,600 shares which were purchased and cancelled during the year. Options granted in 1936 to two officers of United States subsidiary companies to purchase 10,000 shares of Common Stock at $22.00 per share Canadian currency were exercised during the year.

Your directors are pleased to record once again their appreciation of the loyalty and faithful service of all the officials and employees of the Company.

ON BEHALF OF THE BOARD OF DIRECTORS,
S. BRONFMAN,
President.

Montreal, October 30th, 1940.

Consolidated Statement of Earned Surplus and Profit and Loss for the Year ending July 31, 1940

(EXPRESSED IN UNITED STATES CURRENCY)

Earned surplus, balance July 31, 1939			$28,367,383.24
Sales, Less freight and allowances		$103,231,334.68	
Less: Cost of goods sold		70,567,134.74	
		$ 32,664,199.94	
Miscellaneous income:			
Tax refund on 1937 Flood Loss claim	$ 423,653.82		
Other income, discounts, etc.	206,134.45		
		629,788.27	
		$ 33,293,988.21	
Selling, general and administrative expenses	$18,720,845.03		
Director's fee	1,000.00		
Salaries of executives including those of subsidiary companies	431,936.60		
Legal fees	271,625.34		
Interest (net)	213,910.10		
Provision for depreciation (see footnote)	163,470.27		
Loss on disposal of capital assets	406,971.75		
Loss on investments (net)	95,938.04		
		20,305,697.13	
Profit before provision for income and profits taxes and for exchange adjustments		$ 12,988,291.08	
Provision for income and profits taxes		3,192,318.81	
		$ 9,795,972.27	
Provision for exchange adjustments		79,174.08	
Balance of profits for the year ending July 31, 1940			9,716,798.19
			$38,084,181.43
Deduct:			
Dividends on Cumulative Preferred Stock 5% series		814,431.25	
Dividends on Common Stock (Canadian $3,776,934.01)		3,402,639.84	
Appropriated for retirement of Preferred Stock 5% series		339,977.92	
			4,557,049.01
Earned surplus at July 31, 1940, per balance sheet			$33,527,132.42

Note: Depreciation provided during the year amounted to $1,135,886.97 of which $972,416.70 has been charged to cost of production and $163,470.27 as above.

Consolidated Balance Sheet, July 31, 1940

(EXPRESSED IN UNITED STATES CURRENCY)

ASSETS

Current Assets:		
Cash in banks and on hand	$ 3,734,380.62	
Accounts receivable after providing reserves of $880,664.52 for doubtful accounts	18,724,010.81	
Canadian Provincial Government bonds (at market quotations $172,522)	177,477.30	
Inventories of whiskies and spirits as shown by Government records, warehouse reports and physical inventories, valued at cost including duty, taxes and freight where such have been paid, and inventories of raw materials and supplies at cost of purchase	41,332,032.43	
Deposits on grain futures contracts (the aggregate amount of the contracts was $3,048,238, market value $3,008,975)	282,237.55	
		$64,250,138.71
Unexpired Insurance and Other Items Chargeable to Future Operations		740,174.08
Investments in and advances to other companies (one of which has an equity in 55,900 shares of Distillers Corporation-Seagrams Limited common stock acquired for $946,626)		1,175,180.73
Land and Buildings, Plant, Machinery and Equipment, at cost with the exception of certain properties which are carried at depreciated reproductive appraisal values of $888,192.51 as determined by the Canadian Appraisal Company Limited at November 1, 1926, plus subsequent additions at cost	$20,786,913.41	
Less: Reserves for depreciation and amortization	6,600,908.88	
		14,186,004.53
Trade-marks, Bottling and Blending Rights and Goodwill, stated at the excess of the declared value of 1,500,000 shares of Distillers Corporation-Seagrams Limited issued in March, 1928, in exchange for the entire issued capital of Joseph E. Seagram & Sons, Limited and Distillers Corporation Limited over the net tangible assets of those companies as shown by their books at the date of the exchange, plus subsequent additions		10,691,172.92
		$91,042,670.97

LIABILITIES

Current Liabilities:		
Notes payable to banks	$ 7,000,000.00	
Accounts payable and accrued liabilities	3,181,798.93	
Dividend on Cumulative Preferred Stock, payable August 1, 1940	201,931.25	
Provision for Federal, Provincial, State and Municipal taxes in Canada and the United States	5,731,183.58	
		$16,114,913.76
Advances under Bank Credit Agreement Maturing July 12, 1944		5,000,000.00
Capital Stock:		
Cumulative Preferred Stock:		
Authorized—200,000 shares of Cumulative Preferred Stock of the par value of $100.00 each United States currency	$20,000,000.00	
Issued—Cumulative Preferred Stock 5% series of the par value of $100.00 each United States currency, redeemable at the option of the Board of Directors at $105.00 per share United States currency:		
170,000 shares issued	$17,000,000.00	
5,100 shares redeemed during the year ending July 31, 1939	510,000.00	
164,900 shares	$16,490,000.00	
4,600 shares redeemed during the year ending July 31, 1940	460,000.00	
160,300 shares outstanding		16,030,000.00
Common Stock, without nominal or par value:		
Authorized—2,300,000 shares		
Issued:		
1,742,645 shares issued as at July 31, 1939	$19,202,426.79	
10,000 shares issued during the year ending July 31, 1940, under options ($22 per share in Canadian currency)	198,198.00	
1,752,645 shares outstanding		19,400,624.79

NOTE: An option covering 10,000 shares of common stock at $22.00 per share (Canadian currency) is held by an officer of a United States subsidiary company. Warrants to purchase until October 31, 1941, 160,300 shares of common stock at $32.00 per share (United States currency) have been issued to the holders of the Cumulative Preferred Stock 5% Series.

Surplus:		
Capital surplus arising from the redemption of Cumulative Preferred Stock 5% series	$ 970,000.00	
Earned surplus, as per statement attached	33,527,132.42	
		34,497,132.42
		$91,042,670.97

NOTE: In addition to the liability for taxes included in the above consolidated balance sheet, taxes, computed at present rates, of approximately $700,000 would be exigible on the receipt by the Parent Company of the total combined surpluses of subsidiary companies in the U.S.A. The necessity for a complete distribution of these combined surpluses may never arise, and the policy will be followed of providing for such taxes, as may arise, in the fiscal year in which dividends are received by the Parent Company.

Approved on Behalf of the Board: S. BRONFMAN, Director, H. F. WILLKIE, Director.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Distillers Corporation-Seagrams Limited and its subsidiary companies as at July 31, 1940, and the consolidated statement of earned surplus and profit and loss for the fiscal year ending on that date. In connection therewith we examined or tested accounting records of the companies and other supporting evidence and reviewed the system of accounting control and procedures of the companies, by methods and to the extent we deemed appropriate, and obtained all the information and explanations which we required, but we did not make a detailed audit of the transactions.

We report that, in our opinion, based upon such examination, the attached consolidated balance sheet is properly drawn up so as to exhibit, in conformity with generally accepted accounting principles applied on a basis consistent with the preceding year, a true and correct view of the state of the combined affairs of Distillers Corporation-Seagrams Limited and its subsidiary companies as at July 31, 1940, and that the attached statement of consolidated earned surplus and profit and loss correctly sets forth the results of operations for the year ending on that date, according to the best of our information and the explanations given to us and as shown by the books of the companies.

We have also reviewed the section of the Report of Directors relating to the general principles of exchange conversion applied to items other than those in United States currency and that relating to the Surplus of the Company and, in our opinion, the statements contained therein are correct.

Montreal, October 29, 1940.

PRICE, WATERHOUSE & CO., Auditors.

THE ONTARIO PAPER COMPANY
LIMITED

Mill and Head Office — Thorold, Ontario.
Together with its wholly owned subsidiary
Quebec North Shore Paper Company Limited
Head Office — 680 Sherbrooke St. W., Montreal, P.Q.
Mill at Baie Comeau, P.Q.

Manufacturers of Newsprint for
THE CHICAGO TRIBUNE
THE NEW YORK DAILY NEWS

Abitibi Power & Paper
Company, Limited
TORONTO, ONT.

Owning directly or through subsidiary companies, mills at

Beaupre, Que.
Pine Falls, Man.
Sault Ste. Marie, Ont.
Iroquois Falls, Ont.
Smooth Rock Falls, Ont.
Fort William, Ont.
Port Arthur, Ont.

Newsprint
Groundwood Pulp
News Sulphite Pulp
High Grade Bleached Sulphite Pulp

Here's looking at You.... ALL EYES ARE ON The new Super-speed
L C SMITH
See tomorrow's typewriter today
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New Brunswick Tobacco Tax Challenged

New Brunswick Act Slated for Airing Before Appeal Court

From Our Own Correspondent

FREDERICTON—First test of the validity of New Brunswick's Tobacco Tax Act is expected to come at a hearing before the New Brunswick Appeal Court here this week.

New Brunswick last May became the first Canadian province to impose a tax on tobacco, in an effort to stave off threat of another current account deficit in 1940. The record-breaking 1939 deficit was $875,000.

Quebec quickly followed New Brunswick's lead, and put a tobacco tax into effect early in the summer.

New Brunswick delayed proclaiming Act in hope of persuading Canadian tobacco companies to collect the tax (10% of the retail price) on behalf of the province, by affixing stamps to tobacco packages during manufacture.

Collect From Consumer

Failing to come to a satisfactory agreement with the tobacco companies, the Government made the Act effective Oct. 1 and sought to collect the tax directly from the consumer. It announced that all revenue from the tax would be used to fight tuberculosis.

About mid-October Atlantic Smoke Shops Ltd. opened a store at Saint John and flatly refused to collect the 10% provincial levy. Signs in the store windows read: "We Will Not Collect Provincial Tobacco Tax,"

Court Action

Provincial officials expressed the belief that the major Canadian tobacco interests were backing Atlantic Smoke Shops Ltd., in spite of management's insistence that "Saint John business interests" formed the Dominion-incorporated company.

Tobacco Tax Commissioner James H. Conlon laid information against Atlantic Smoke Shops Ltd., charging the company with retailing tobacco without a vendor's license as provided for by the Act.

Validity Argued

In the course of proceedings before Magistrate S. W. Palmer at Saint John, counsel for the company contended that the Tobacco Tax Act was ultra vires of the Provincial Legislature. There was no valid law of the Province of New Brunswick making it an offense to sell tobacco without a license, the defense claimed, and the tobacco impost was an indirect tax and therefore unconstitutional under the British North America Act.

Counsel for the Crown maintained the levy was a direct tax, since it was paid directly by the purchaser at the time the tobacco was bought. The retailer, who is allowed to retain 3% of the tax, is in effect an official of the province paid to collect the tax, the Crown submitted.

Defense counsel obtained an order from Mr. Justice W. H. Harrison staying proceedings before the magistrate and transferring questions concerning the constitutionality of the Act to the sitting of the Appeal Court opening here Nov. 12.

Sales Fall Off

Tobacconists in this province are said to have noticed a distinct falling off in tobacco sales following the imposition of the tax. The sale of cigarettes, already heavily taxed by the Dominion Government, is said to have suffered most, with many smokers "rolling their own" instead of buying the ready-manufactured article.

The Canadian tobacco manufacturers are understood to fear that if the constitutionality of the New Brunswick and Quebec acts is upheld by the courts, the other provinces will enact similar taxation legislation next year.

Ontario officials deny that such a tax is being considered, or that it will be required to keep the budget on a sound basis.

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Nfld. Council To Stimulate New Industry

Government and Private Enterprise to Collaborate on Rehabilitation

Newfoundland's attack on its economic problems is taking the line of a co-operative government-business programme, following abandonment of the Government's plan for rehabilitation.

An industrial development council for the creation and enlargement of industrial activity is being formed by the New Industries Committee, a Government-sponsored organization.

The new council will embrace representatives of Government, industry and labor. Financial support for the scheme will be sought locally, and in Canada and the United States. It aims at a co-ordinated and definite policy of Government and private agencies for economic rehabilitation.

Replaces Areas Bill

The effort of the New Industries Board follows indefinite postponement of the Special Areas Bill, framed by Hon. J. H. Gorvin, Commissioner for Natural Resources.

The bill was severely criticized when it appeared last April on the grounds that it encroached upon the privileges of private enterprises and was radical in its implications. One month later the Government announced that it would defer action until the end of the year on the measure to permit further consideration and discussion.

On Sept. 30 the Commission of Government decided that it could not find funds to implement the Special Areas Bill because of its prior decision to dispense with grants-in-aid from the British Exchequer for the duration. Without this financial aid the Government declared the bill would be indefinitely postponed.

Government Offers Co-operation

The Government, however, in announcing postponement of the bill left the door open to co-operation of private enterprise in drafting a new attack on Newfoundland's problems.

The Government reviewed the situation, which finds the Island in need of remunerative employment for its population. War has brought vital need for extension of foreign trade and dollar exchange. The Government stated in an official communique:

> "These tasks necessitate our concentration for the time being on production, the development of new export markets and wherever possible new products, together with the encouragement as far as our means permit of home supplies for domestic consumption. They will call for mutual confidence and help as between industry and the Government will welcome all practical steps to bring this about as part of the common effort now lying before the country."

Plans for Postwar Period

The Commission of Government has also voiced its apprehension about the postwar position of the Island, and declared its willingness to co-operate with private enterprise in finding new opportunities for industry.

Establishment of the New Industries Committee was the first move toward collaboration of industry and Government in Newfoundland in searching for economic salvation.

Part of this preliminary work includes a survey undertaken by C. C. Pratt of the New Industries Committee of methods used elsewhere on the North American continent and the report of an independent New York firm of consulting engineers.

Pratt Recommendations

In the earlier report to the New Industries Committee by C. C. Pratt, the following programme was recommended:

1. That the Government adopt the policy of a survey of industrial potentialities and provide financial aid as well as other assistance for a definite plan of development in co-operation with and under the direction of business and financial interests of the country.
2. Committee formed should consider means of promoting an industrial development organization composed of representatives of business and financial interests, who will undertake a measure of financial responsibility.
3. Permanent organization be set up under proper technical direction along lines successfully employed in other countries.
4. Definite financial commitment should be made by the Government and business for a period of not less than five years.

Company Reports

Pacific Western Inv.

Earnings of Okanagan Telephone Co. and subsidiaries, serving interior B.C. towns, were off slightly in year ended June 30, last, compared with the previous 12 months. Bond interest charges, however, were lower and were earned more than three times, compared with 2.25 times in 1938-39.

Working capital showed a substantial drop, due primarily to decline in cash.

New directors added during the year were E. A. Riddell, E. W. I. Keenleyside and Leon J. Ladner.

Consol. Income Account

	12 Mos. ended June 30 1940 $	6 Mos. ended Dec. 31 1938 $
Gross revenue	14,751	315,977
Less: Expenses	3,165	116,729
Net earnings	11,586	199,248
Less: Interest	7,468	75,356
Other bond exps.	5,956	......
Depreciation	......	47,157
Income taxes	......	17,465
Net loss	1,838	*59,270
Add: Dividends		
Preferred	3,125	31,940
Common	1,875	3,976
Deficit for period	6,838	*23,354
Add: Def. June 30/39	154,389	......
Prov. for loss on inv.:		
West. Can. Hydro	212,126	
Other companies	4,206	
Less: Adj. for loss on Investments	3,902	
Deficit forward	373,657	

*Loss or deficit.

Times All Interest Earned:		
After deprec.	1.55	2.02

Working Capital

	1940 $	1938 $
Current assets	4,754	317,230
Current liabilities	575	153,338
Working capital	4,179	163,892

Pacific Power & Water

Pacific Power & Water Co. reports gross revenue of $89,813 for year ended June 30, last, compared with the previous year's figures of $85,895—exclusive of revenues of Vancouver Island Utilities, which was sold during the latest fiscal year.

Operating expenses were higher and a substantial increase was made in provision for depreciation. The net result was not sufficient to cover dividends, and deficit of $6,508 was reported after dividends—compared with surplus of $2,445 in the previous year. Dividends on the prior preferred stock are being continued, but payments on the second preferred and common stock have not been made since Jan., 1940, and Sept., 1939, respectively.

Number of customers served totalled 2,464, an increase of 210 over the previous year (exclusive of Vancouver Island Utilities).

Capital expenditures of $19,000 were completed and $3,049 spent on replacement work.

The auditors, Helliwell, Maclachlan & Co., question an entry charging to issued common shares the sum of $18,550, being the principal portion of the loss on sale of Vancouver Island Utilities; but have satisfied themselves that the companies' solicitors have stated it was within the powers of the directors to cause this entry to be made.

The auditors also raise a question in connection with depreciation. "Provision . . . for the year is estimated to be the maximum allowable for income tax purposes," it is pointed out, "but in view of lesser provisions in earlier years we are unable to satisfy ourselves that the accumulated reserve is adequate."

Consol. Income and Surplus Account Years Ended June 30

	1940 $	1939 $
Total income	89,813	105,718
Less: Oper. expenses	16,825	17,589
Maintenance	6,866	2,592
Power purchased	......	4,651
Licenses	......	130
Property taxes	853	920
Gross revenue tax	1,104	1,299
Administration	10,555	10,505
Insurance	1,209	1,222
Bond expense	1,720	1,756
Net earnings	50,681	65,054
Less: Depreciation	21,943	14,647
Bond interest	15,121	13,095
Income taxes	4,000	7,676
Net profit	9,617	27,635
Less dividends:		
Prior preferred	10,770	10,770
2nd preferred	3,500	7,000
Common	1,855	7,420
Surplus for year	*6,508	2,445
Add: Prev. surplus	15,288	12,884
Tax prov. adj.	1,027	......
Less. Adj. sale of shs.	612	......
Surplus forward	9,196	15,288
*Deficit.		
Earned per Share:		
Prior preferred	......	$7.69
Paid	$3.00	3.00
2nd preferred	......	8.43
Paid	1.75	3.50
Common	......	0.53
Paid	0.10	0.40

Working Capital

Current assets	52,668	56,335
Current liabilities	13,670	15,164
Working capital	38,998	41,171

Balance Sheet Changes

Fixed assets, before deprec.	888,491	929,968
Cash	37,378	11,298
Rec. from Pac. West. Inv.	......	27,689
Funded debt:		
1st mtge. bonds A	254,000	290,500
1st mtge bonds B	17,000	......
Interim certs.	......	11,500
Accts. payable	2,321	11,391

Okanagan Telephone

A substantial decline is reported in earnings of Pacific Western Investment Co. for year ended June 30, last. Net loss of $1,838 compares with a profit of $59,270 in the first six months of the previous fiscal year. Deficit forward of $154,389 was reported at the end of the 1938-39 fiscal period, so with a net loss for the latest fiscal year; the payment of dividends not earned; and the addition of substantial provision for loss on investments; deficit forward was increased to $373,657.

The company's income is dependent almost entirely upon its holdings in two subsidiary companies, Pacific Power & Water Co. and West Canadian Hydro. Dividends continue to be received from the latter company, but were suspended during the year under review on the second preferred and common stock of Pacific Power—the issues which comprise Pacific Western's holdings in the operating company.

Dividends on the 5% preferred stock were nine months or 37½ cents per share in arrears on June 1, last.

Consol. Income and Surplus Account Years Ended June 30

	1940 $	1939 $
Revenue	221,786	219,923
Less: Expenses	99,430	94,599
Oper. profit	122,356	125,324
Add: Other inc.	609	311
Net earnings	122,965	125,635
Less: Depreciation	34,674	28,197
Bond interest	28,844	43,286
Amort. & disct.	3,182	181
Bond prem.	......	802
Income taxes	18,763	13,293
Net profit	37,502	39,876
Less: Com. divds.	25,044	39,562
Surplus for year	12,458	314
Add: Prev. surp.	25,053	18,692
Refs. & recov.	......	6,047
Surplus forward	37,511	25,053
Times Bond Interest Earned:		
After depreciation	3.06	2.25

Working Capital

Current assets	59,274	84,984
Current liabilities	50,057	30,067
Working capital	9,117	54,917

Balance Sheet Changes

Cash	15,753	46,595
Inventories	35,071	24,888
Rents paid in adv.	17,828	......
Funded debt:		
4¼% 1st mtge. bds.	421,000	435,000
4½% s. f. debs.	221,000	225,000

West Candn. Hydro

Net profit of West Canadian Hydro Electric Corp. of $57,927 for year ended June 30, last, was down $15,513 from the previous 12 months. About $70,000 was spent during the year on additions, principally at Lumby, Enderby, Salmon Arm and Penticton.

Total of $14,000 par value of serial bonds of the subsidiary, Okanagan Telephone Co., was retired during the year and an additional $6,700 was deposited with the trustee.

E. B. Westby, president, expresses confidence in the future for the company, although adding this is difficult to forecast due to the war.

Consol. Income and Surplus Account Years Ended June 30

	1940 $	1939 $
Revenue	494,076	480,144
Less: Expenses	183,486	178,980
Operating profit	310,590	301,164
Add: Other income	4,915	7,729
Net earnings	315,505	308,893
Less: Depreciation	89,461	79,763
Bond interest	118,094	123,119
Exchange	10,132	887
Bond disc. & exp. written off	4,512	3,476
Prem. bonds red.	......	803
Prov. for taxes	35,379	27,405
Net profit	57,927	73,440
Less: Pref. divds.	43,048	39,590
Common divds.	10,000	9,167
Surplus for year	4,879	24,683
Add: Prev. surplus	54,073	42,802
Recoveries	......	6,047
W/o intang. assets reversed	15,933	......
Less: Bond disc. w/o	......	3,526
Intang. assets w/o	......	15,933
Add. prov. taxes	159	......
Surplus forward	74,726	54,073
Earnings per Share:		
Preferred	1.08	1.36
Paid	0.80	0.73½
Common	0.15	0.30
Paid	0.10	0.0916

Working Capital

Current assets	191,371	232,021
Current liabilities	87,497	118,125
Working capital	103.874	113,896

Balance Sheet Changes

Cash	62,858	97,570
Accts. receivable	64,841	86,206
Inventories	63,673	48,245
Fixed assets	3,430,144	3,394,333
Funded debt	2,092,000	2,110,000
Bonded int. accr.	1,491	41,290

Municipal Finances

Ontario municipalities have been mailed cheques totalling $3 millions covering the one mill provincial subsidy on general assessment. Toronto's share is $883,000 and second largest is $165,216 for Hamilton.

* * *

Mimico, Ont., council has voted unanimously to support the proposed merger with New Toronto and Long Branch to form a single municipality. It was decided to call a conference of various public bodies and public officials at an early date prior to taking definite action.

* * *

East York Township, Ont., reports the biggest building boom on record with 361 residences erected in the first ten months of 1940 at a total cost of $1.3 million. The relief burden almost has been eliminated, with only 437 persons on relief at the end of October compared with 3,040 ten months previous.

* * *

Vancouver's growing financial difficulties have prompted a proposal to impose a municipal tax. Opposition from businessmen is being experienced, however, and Alderman Chas. Jones anticipates it will be organized further by the Board of Trade, Canadian Manufacturers' Association and Retail Merchants' Association.

* * *

Provincial-Municipal relations will be investigated by a Royal Commission appointed by the Ontario Government if a proposal approved by Toronto's city council is accepted. The suggestion is in line with a recommendation made by the Sirois-Rowell Commission on Dominion-provincial relations.

* * *

Halifax, N.S.

Halifax, N.S., reports net debenture debt of $9.8 millions at April 30, last, down over $250,000 from two years previous. Assessment shows an increase, also tax arrears.

Income and Assessment Years Ended Apr. 30

	1940 $	1939 $
Total assessment	61,307,250	59,567,400
Exemps. not incl.	40,770,526	40,782,140
Tax arrears	474,819	390,613
Assets and Liabilities		
Total debenture debt	16,084,871	15,668,282
Total sinking fund	6,245,618	5,485,381
Bank loans	296,871	*

*Not given.

* * *

St. Lambert, P.Q.

St. Lambert, P.., reports total debenture debt of $3.1 millions at the end of 1939, down about $1.8 million from Dec. 31, 1936, latest previous figures available. A surplus of $10,392 was reported last year.

Income and Assessment Year Ended Dec. 31

	1939 $
Revenue	267,295
Expenditure	256,903
Tax arrears	151,808
Res. for tax arrears	101,529
Assets and Liabilities	
Total assets	3,390,460
Total debenture debt	3,142,000
Bank loans	19,944
Other liabilities	4,799

* * *

Three Rivers, Que.

Three Rivers, Que., reports net debenture debt of $9.2 millions at the end of 1939, up $1.1 million from two years previous. Surplus of $28,435 compared with about $89,000. Tax arrears are down.

Income and Assessment Years Ended Dec. 31

	1939 $	1937 $
Revenue	1,775,692	*1,582,056
Expenditure	1,746,257	*1,493,403
Taxable assessment	52,169,735	▲
Exempted in assmt.	22,601,075	▲
Curr. tax levy	1,305,610	1,131,477
Curr. tax arrears	138,848	286,229
Assets and Liabilities		
Total assets	16,238,593	12,655,651
Total debenture debt	11,452,600	10,111,000
Total sinking fund	2,211,461	1,950,002
Bank loans	824,819	▲
Other liabilities	461,022	▲

▲Not available.
*Estimated.

MUNICIPAL HONOR ROLL

Five Years of Progress by Local Government

OWEN SOUND, ONT.

Owen Sound, Ont., is the twenty-sixth in a series of municipalities included in The Financial Post Honor Roll for 1940.

These municipalities are those which are considered to have shown stability over a period of years, or in the recent years have made outstanding progress in improving their financial standing. No attempt is being made to run these in sequence of merit or size.

Owen Sound holds a distinction possessed by few other Ontario municipalities. It can finance capital expenditures as cheaply and sometimes even cheaper than either the provincial or Dominion governments.

The city is primarily a manufacturing and distributing centre for a large agricultural area, including smaller towns. Its 55 factories have annual production which usually exceeds $5 millions. Four banks and 250 retail stores—the latter with total annual sales of close to $6 millions—attract considerable business from the surrounding district.

The city also is important as a port on Georgian Bay, 120 miles northwest of Toronto. It is a point of call for Great Lakes steamships and is served by about a dozen transport companies. Both the C. N. R. and C. P. R. operate to the city.

Its financial record through the most difficult of years has remained unblemished. Net per capita debt dropped from $63 in 1935 to under $42 in 1936 and then increased gradually to under $68 by the end of 1939. This is not unhealthy growth, however, as the per capita figure still remains abnormally low compared with other cities of about the same size.

Evidence of the ability of the city to borrow in favorable terms is shown by its 1938 financing, when it obtained money at the lowest figure on record. A $160,000 debenture issue was sold at 102.75, at a cost to the city of 3⅛%, $20,000 of debentures were sold at a cost of 2⅞%, and $55,000 were sold at a cost of 3.03%. The most recent sale of debentures was of $53,002, which cost the city about 3¼%.

Heavy relief expenditures have been necessary periodically during the past decade. Sound fiscal policy has been followed, however, in meeting them all from current account.

Statistical Picture

	1939	1938	1937	1936	1935
Population	13,679	13,437	13,118	13,162	13,129
Assessment, taxable; (in $000's)	8,016	7,993	8,006	7,857	8,064
Assessment per capita	586	594	610	597	613
Tax rate (mills)	46	46	45	48	47
Tax collections:					
Current collections to curr. levy %	88.1	74.9	73.5	75.4	84.2
Current & arrears to curr. levy %	▲	92.0	91.7	97.3	103.7
Gross debenture debt (in $000's)	1,778	1,759	1,562	1,421	1,503
Less: Sinking fund	850	953	911	869	675
Net debenture debt	928	806	651	551	828
Net deb. debt per capita $	67.84	60.01	49.66	41.89	63.08
Other liabilities	85,000	▲	▲	▲	▲
Relief expenditures funded	nil	nil	nil	nil	nil
Relief met out of curr. rev.	29,755	29,158	24,138	26,336	56,044

▲Not available.

Last Debentures Sold

$53,002—3½%, 5-10 year debentures, sold at 101.85 at cost to municipality of about 3¼%. Proceeds for fire truck and local improvements.

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Now you can buy Life Insurance on this convenient, monthly budget plan.
You figure what you can afford to Budget each month, in units of $10 and that $10 (or multiples of it) buys you so much Life Insurance. For example—a man of 30 decides to budget $10 a month for Insurance, (he has, of course, many choices depending on his particular needs) but here is what $10 in the Dominion Security Plan will provide:—
$5,332 to his loved ones, if he dies, or $30 a month to them for almost 20 years; a pension for himself of over $26 a month for life, starting at 65.
(This income is guaranteed for not less than ten years even though he dies before that period expires.) $20.00 a month would double these benefits—$30 triple them—and so on. Moreover, Profit participation will add considerably to the sums received.
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The future security of your family will largely depend on the executor you appoint under your will.
If you name a friend, he may be ill or absent when important decisions have to be made in connection with your investments or other duties in the administration of your estate. He may also lack the necessary experience—or be too busy with his own affairs.
If your wife becomes executrix, to whom will she turn for guidance? Will she have to pay for outside advice on the many matters involved in settling your estate? Will she be exposed to the importunities of friends and relatives? Or to the guile of frauds?
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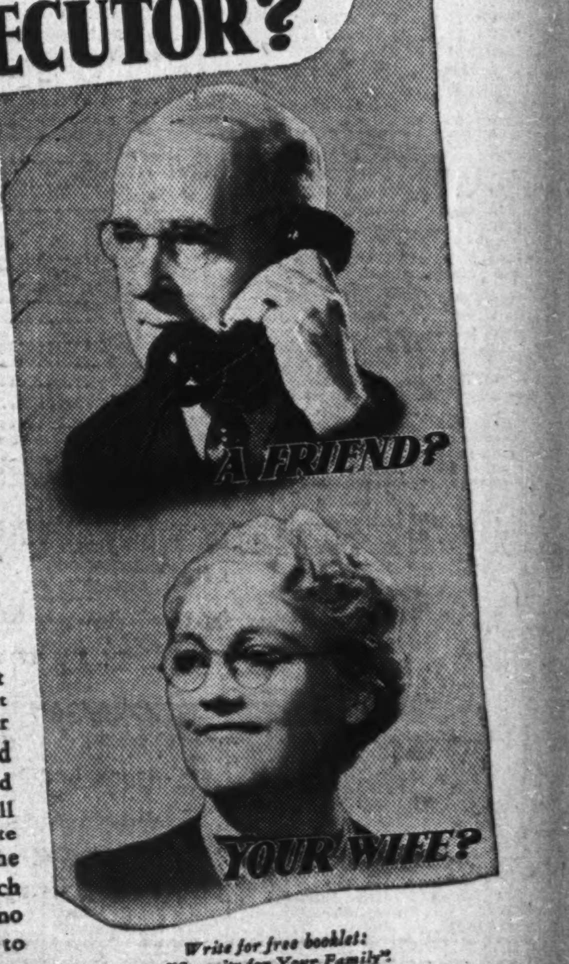
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THE WEEK'S QUOTATIONS

Toronto and Montreal Exchange

The following table is confined to official prices for listed stocks, including curb market quotations. Where no transaction is recorded, bid and asked prices are given. For unlisted stocks, quotations by unlisted dealers are published. The Financial Post cannot accept any responsibility for such quotations.

WEEK ENDING NOVEMBER 11

A

Range 1940 High	Low	Div R'te $	Nov. 9 Y'ld %		Sales	Last Nov. 4	Week end. Nov. 11 H	L	Cl'se
2.50	.90	*	...	Abitibi	7995	1.00	1.15	.90	1.00
27¼	2½	*	...	Do. pref. 6%	8242	7½	9½	7½	9½
33	5½	*	...	Do. pref. 7%	75	14	13	13	12
6	2	...	...	Acme Glove	....	(2 bid — asked)			
57	45	6.50	...	Do. pref.	....	(40 bid 90 asked)			
12½	6	...	...	Agnew Surp.	....	(11 bid 13 asked)			
110	105	30+20c	9	Do. pref.	....	(105 bid — asked)			
2.00	.75	7	6.5	Alta. Pac. Gr.	....	1.25 bid 2.00 asked			
38	30	*	...	Do. pref.	43	30	30	26	26
108	7	*	...	Algoma Steel	975	10½	11½	10	11½
100	81	$1.00	...	Do. pref.	....	(88 bid 90½ asked)			
145	80	6	5.1	Aluminum	60	116	117	117	117
125	100½	6	4.8	Do. pref.	25	123	123	123	123
84	8	...	...	Amal. Electric.	....	(5 bid 7 asked)			
43	34½	60c	1.7	Amer. Cyn. B.	....	(34½ July 16)			
49½	42½	2.75	6.2	Ang. Can. Tel p	....	(45 bid 50 asked)			
26½	14½	60+60c	7	Asbestos	356	16	16½	16	16½
19½	15½	1	6.3	Assoc. Brew.	60	15½	15½	15½	15½
112½	100	7	6.4	Do. pref.	....	(110 bid — asked)			
*2	2	*	...	Assoc T. & T.A.	....	(— bid — asked)			
*34	26	40c	...	Do. pref.	....	(— bid 28 asked)			
103	101	5.50	5.3	Ault & Wiborg	....	(99 bid — asked)			

B

Range 1940 High	Low	Div R'te $	Nov. 9 Y'ld %		Sales	Last Nov. 4	Week end. Nov. 11 H	L	Cl'se
164	137	8	5.5	Bk. Can. Nat.	25	141	145	145	145
212	170	8	4.3	Bk. Montreal	147	180	185	182	185
315	269	12	4.3	Bk. N. Scotia	13	278	286	278	278
300	200	10	4.1	Bk. Toronto	20	226	241	240	241
*3	4½	*	...	Barcelona	....	(— bid — asked)			
6½	2	*	...	Barker's Bread	....	(1½ bid 2½ asked)			
28	19	2.50	13.1	Do. pref.	....	(— bid 30 asked)			
13½	6½	1	...	Bathurst Pr.	930	13	13¾	12½	13½
3	1½	*	...	Do. (B)	50	2½	3	3	3
1.75	.90	*	...	Bawlf Grain	100	.20	.05	.05	.05
47	25	*	...	Do. pref.	55	40	46	45	46
5	3	*	...	Beath & Sons	....	(2½ bid 5 asked)			
5½	3	*	...	Beatty Bros.	....	(4 bid 5 asked)			
102	90	6	6.1	Do. pref.	5	97	98	98	98
90	88	7	7.9	Do. 2nd pref.	5	90	88	88	88
6½	2½	*	...	Beauharnois	537	5½	5½	5	5½
97½	80	4	5	Belding Cort.	....	(80 bid 100 asked)			
150	124½	7	5.6	Do. pref.	....	(120 bid 136 asked)			
169	150	8	5.1	Bell Telephone	458	156	158	156	157
12	9	60+15c	8	Biltmore Hats	....	(8 bid 9 asked)			
9½	8	*	...	Blue Ribbon	20	7	7	7	7
42	34	2.50	6.9	Do. pref.	45	36	36	36	36
21	19	1.30	6.5	Brant. Cord. pf.	....	(20 bid 22 asked)			
10½	2½	*	...	Brazilian Tr.	2748	5	5½	4¾	5½
5½	2	50+25c.	...	Brew. & Distil.	....	(4½ bid 5½ asked)			
6½	6	30c	5	Bright, T. G.	....	(6½ bid — asked)			
90	80	6	6.7	Do. pref.	....	(90 bid — asked)			
22½	14½	1	5.1	Brit. Amer. Oil	890	18½	19½	18½	19½
19½	9	*	...	B. C. Packers	25	12	12½	12½	12½
30	23	2	7.5	B. C. Power A.	50	25	26½	26½	26½
3½	1	*	...	Do. (B)	5	1½	1½	1½	1½
7	4½	*	...	Bruck S. Mills	60	4½	5	5	5
17½	12	70+10c	5.2	Building Prod.	593	14¾	15½	14¾	15½
14	6½	60c	5.7	Burlington St'l	10	11	10½	10½	10½

F. G

Range 1940 High	Low	Div R'te $	Nov. 9 Y'ld %		Sales	Last Nov. 4	Week end. Nov. 11 H	L	Cl'se
22½	13½	1	5.6	Ford Motor A.	2346	17	18	17½	18
21½	14	1	5.9	Do. (B)	....	(17½ bid 18½ asked)			
.20	.05	*	...	For. Pr. Secs.	....	(— bid .15 asked)			
15½	6	†50c	...	Foundation Co.	490	12	13	12	13
20	6	*	...	Fraser Cos.	115	10½	11½	10½	11
21½	7½	*	...	Do. Vot. Tr.	1588	11½	13¼	11½	13
.50	.50	*	...	Freiman	....	(— bid — asked)			
38	35	*	...	Do. pref.	....	(34 bid — asked)			
16½	8	80c	7.1	Gatineau Pwr.	234	11	11½	11	11½
97	79	5	5.6	Do. pref.	120	89	89½	88	89
105½	90	5.50	5.7	Do. 5½% pref.	1	98	98	98	98
6	1½	*	...	Do. Rights	....	(1½ bid 1¾ asked)			
10½	4½	*	...	Gen. St. Wares.	1175	6½	7½	6½	7½
96½	77	7+76ca	...	Do. pref.	98	92	94	91	94
87	59	2.50+2.50	7	Goodyear T.	30	74	75	75	75
57½	51	2.50	4.5	Do. pref.	135	55½	58	54½	58
*50	50	$3	...	Gould Pumps p.	....	(— bid — asked)			
8	4	*	...	Gt. Lakes Pap.	....	(2½ bid 4 asked)			
29	13½	†73c	...	Do. pref.	....	(— bid 27 asked)			
8	2	*	...	Do. Vot. tr. c	25	3	4	4	4
27½	13	†75c	...	Do. Vot. tr. p	208	21	25	22½	25
3½	1½	*	...	Gt. W. Saddlery	5	2½	1½	1½	1½
35	24	$3	...	Do. pref.	10	31	30	30	30
14½	11	60c	...	Greening Wire	5	12	12	12	12
1.25	1.25	10c	...	Growers' Wine.	....	(— bid — asked)			
10½	4	†30c	...	Gurd, Chas.	5	4½	4½	4½	4½
107½	106½	7	6.5	Do. pref.	....	(— bid 108 asked)			
5½	2½	*	...	Gypsum, Lime.	855	3½	4½	3½	4½

Government Bonds

(Supplied by Investment Dealers' Assoc. of Canada)

Dominion of Canada Bonds
Nov. 12, 1940

%	Due	Bid	Ask.	Approx. Yld.
1	Mar. '41	99¾	100¼	.55
5	Nov. '41	103¼	104	1.13
1½	May '42	100¼	100¾	1.11
2	June '42	100¾	101¼	1.14
3	Oct. '42	102¾	103¼	1.31
2½	June '43	102	102½	1.51
5	Oct. '43	108¼	109¼	1.78
2	June '44	100¾	101¼	1.63
a2½	Jan. '44	94	95½‡	3.80
4½	Oct. '44	108¾	109¾	2.02
2½	Nov. '44	101¾	102¼	1.88
a2½	Aug. '45	93¼	94¼‡	3.82
4	Oct. '45	105¼	106	b1.91
4½	Feb. '46	109¼	110¼	2.41
3½	June '49	101¾	102¼	b2.76
3½	Oct. '49	102¼	103	b2.70
3½	Nov. '51	100¼	101	b3.11
3¼	Feb. '52	100¼	101	b3.10
a5	May '52	100‡	‡101¼	b3.96
4	Oct. '52	104¾	105¼	b3.12
3	Oct. '52	98	98¾	3.12
3	June '55	98	98¾	3.11
4½	Nov. '56	106¾	107¼	b3.12
4½	Nov. '57	107¼	108	b3.22
3	June '58	97¼	98	3.15
4½	Nov. '58	108	108¾	b3.25
4½	Nov. '59	108¾	109¼	b3.27
a4	Oct. '60	94	95¼‡	4.36
a3½	Jan. '61	84¼	85¼‡	4.32
3½	June '66	99¾	100¼	b3.24
a3e	Jan. '67	81¾	83‡	4.05
a3e	Nov. '68	81¼	83‡	4.02
†3	Perpet'l.	88¼	89¼	3.36
Dominion Guarant'd Bonds				
Can. Nat'l. Railways:				
2	Feb. '43	100¼	101¼	1.43
2½	Jan. '46	99¾	100¾	2.17
3	May '44	103¼	104	1.82
3	Dec. '50	98	99	3.11
3	Feb. '53	97	98	3.20
3	Jan. '59	95¾	96¾	3.23
*4½	Sept. '51	112¼	113¼	3.04
*4½	Feb. '56	113	114	3.34
4½	July '57	113¼	114¼	3.39
*4½	June '55	115¼	116¼	3.36
5	Feb. '54	115¼	116¼	3.46
*5	July '69	112¼	113¼	b2.44
*5	Oct. '69	116¾	117¼	b3.19
*5	Feb. '70	116¼	117¼	b3.28
Grand Trunk Pacific Rly:				
3	Jan. '62	98	99	3.06

Provincial Gov't. Bonds

%	Due	Bid	Ask.	Approx. Yld.
New Brunswick:				
3	Oct. '51	87	90	4.14
3½	Aug. '49	89¼	91	4.50
3½	June '56	87¼	89¼	4.44
c4	Nov. '47	96	98	4.34
c4½	Apr. '61	98¼	101	4.42
c5	Jan. '60	103	106	4.53
Nova Scotia:				
3	Jan. '52	91	93	3.75
3½	June '56	92	93¼	3.81
3½	Nov. '50	97	98	3.74
c4½	Sept. '52	105	106¼	b3.42
c4½	Nov. '60	106	107¼	3.95
c5	Mar. '60	111¼	113¼	4.00
Ontario:				
2½	May '45	99¼	100¼	2.40
3	Apr. '48	97¼	98¼	3.23
3	Nov. '50	97	98	3.24
3½	Nov. '51	98¼	99¼	3.33
3½	May '55	97¾	98¾	3.36
*4	June '62	105	107	3.53
4½	June '50	108	109	3.39
*4½	Jan. '62	111¼	113¼	3.59
5	Oct. '48	110¼	111¼	3.35
*5	Dec. '60	117¼	119¼	3.62
5½	July '46	110¾	111¾	3.21
Ont. Hydro Commission:				
3	Aug. '48	97¼	98¼	3.22
3½	Feb. '53	97¼	98¼	3.40
3½	Apr. '47	101	102	3.15
Prince Edward Island:				
3	Oct. '45	94¼	96¼	3.79
Quebec:				
3	Nov. '47	93¾	94¾	3.86
3½	Mar. '48	95	96	3.88
3½	Mar. '59	91¼	93¼	4.00
3½	Feb. '55	93¾	96¼	4.08
4	Mar. '52	99	101	4.08
4½	Aug. '58	100	102	3.89
4½	Jan. '63	103	105	4.16
Alberta:				
4	Dec. '54	57½	61½	d
4½	Oct. '61	64	..	d
c4½	Oct. '56	59½	63½	d
*5	Oct. '59	61½	65½	d
c5½	Apr. '52	67	71	d
6	Mar. '47	70	74	d
British Columbia:				
c4	Dec. '57	97¼	101¼	3.98
*4½	Jan. '51	101	105	3.91
c4½	Oct. '53	101	105	4.00
c5	Apr. '54	104	108	4.21
5½	Feb. '45	103	107	3.70
6	Feb. '47	104	108	4.51
Manitoba:				
c4	Dec. '57	90¼	94¼	4.48
c4½	Dec. '36	92	96	4.86
*5	Dec. '59	97	101	4.92
5½	Oct. '55	98¼	102¼	5.25
6	Apr. '47	100	104	5.28
Saskatchewan:				
4	Sept. '34	74¼	78¼	6.34
4	Nov. '60	73¼	77¼	5.94
c4½	Oct. '31	83	87	6.14
c4½	Mar. '60	76	80	6.39
5	Aug. '58	82	86	6.31
5½	Oct. '52	88	92	6.47
6	Mar. '52	92	96	6.50

*-Payable Can., N.Y. and £. b-Calculated to call date giving lowest possible yield. c-Payable Can. & N.Y. a-Payable N.Y. †-Callable on or after Sept. 15, 1966. d-Traded flat. Interest being paid at 50% of coupon rate, minimum rate 2%. e-Callable at a premium. ‡-N.Y. funds.

Winnipeg Stocks

(Transactions from Nov. 4 to Nov. 9)

	Sales	High for period	Low for period	Close Nov 9
Amal. Kirkland	400	.09	.08½	.09
Federal Grain, pref.	20	33.50	33.00	33.00
Malartic Goldfields	500	1.25	1.25	1.25
Monarch Life	10	23.00	23.00	23.00
Proprietary Mines	50	2.70	2.70	2.70
United Grain Growers	27	10.00	8.50	10.00
Western Breweries	50	2.00	2.00	2.00
Wingold	7,085	.06½	.05½	.06½

Stocks Not Traded in During Week*

	Bid	Asked		Bid	Asked
Beaver Fire	75	..	Nor. Can. Mtg. p.	3	..
Beav. Lumber, c.	..	4	North. Trusts	..	8
Do., pref.	99	102	Traders Bldg.	42	..
Can. Airways	1	..	West. Grain, p.	7	9
Can. Indemnity	120	..	West. Steel	8½	9
Federal Grain, c.	..	1¼	Wings	.15	..
Home Invest.	13	..			

*Stocks more active on other exchanges not included.

Volume of Stock Sales

	Montreal Markets Indust.	Montreal Markets Mines	Toronto Markets Ind. & Mines	Vancouver Markets Ind. & Mines
Nov. 12	47,300	12,900	438,000	......
Nov. 11	Holiday			
Nov. 9	33,100	14,800	397,000	32,825
Nov. 8	25,700	15,800	487,000	43,372
Nov. 7	28,200	31,700	851,000	47,840
Nov. 6	8,500	26,300	430,000	13,423

Investment Trusts

	Bid	Asked
Affiliated Fund	2.63	2.88
Can. Amer. Trust	3.25	3.75
Can. Inv. Fund	3.35	3.95
Grouped Income	....	5.33
Trans-Canada	11.00	12.00

Can. Foundries Puts B Stock on Pay Basis

From Our Own Correspondent

MONTREAL. — Reflecting sharp expansion in profits Canada Foundries and Forgings has initiated dividend payments on the class B shares by declaration of $1.50 a share, payable December 18 to shareholders of record Dec. 2.

In July, 1928, old common shares were cancelled and new class B shares were substituted on basis of one B share for each old common share. Out of an authorized issue of 40,000 shares, 9,600 shares have been issued and are outstanding.

Unlisted Stocks

(Furnished by A. J. Pattison Jr. & Co., Toronto)

Nov. 12, 1940

Industrials:	Bid	Ask.
Acme Farm. D.	23	..
Andian National	29	30½
Anglo C. Tel., A	8½	9½
Atlas Steel	18½	..
Barrymore, pfd.	28	..
Blue T. Brew. A	8	9
B. C. Pulp., c.	18	19
Do., pfd.	70	77
B. C. Sugar	72	76
B. C. Tel., 1st p.	111½	114
Burns & Co., A	4	5
Do., B	2½	3½
Can. Col. Air	3	4
Can. Co-op. Wl.	6½	8
Can. Cr. Stone p	22	..
C. I. L., A c.	226	..
Can. Ing. Rand	70	73
Can. Mot. L.A.B.	2½	..
Can. Tube, 1st p.	80	..
Chase, A. W., p.	17	19
Claude Neon, p.	5½	7
Colonial Steam.	17	19
Dom. Manuf., p.	60	65
Dunlop T. p. $25	23	24
Easy Wash. p. $10	9	9¾
Goderich Elev.	7½	8½
Guard. Realty, p.	15½	18½
Guelph Carp., p.	102	105
Do., com.	17	19½
Gurney Fdry, p.	1½	1¾
Hayes Steel, c.	10	10½
Hi'land Dairy, p.	45	..
Homewood San.	100	120
Inglis, John, c.	5½	6½
Ingram & Bell	21½	24
Kingston Sh. un	22	24
Loblaw Inc., c.	12¾	13½
Minn. O. Pap.	4	4½
Morrison Br. un	..	5
M'row Screw, p.	99	..
Do., com.	10	..
Neilson, Wm., c.	10	..
Do., pfd.	101	..
N. B. Tel., c.	12½	15
N. Meth. Ldy., p	50	57
Niag. L. A. Br.	..	52
Ont. Tobacco, p.	15	..
Paterson Wm. p	100	..
Prov. Paper, pfd	104½	107
Ruddy, E. L., p.	22	25
Seal O Sac (Can.)	1	2½
Stand. Fuel., p.	57	63
Stedman, pf. $50	56	58
Tor. Carpet, c.	28	32
Do., pfd.	61	64
Un. F. Co-op.	2½	3
Un. Steel, A pf.	22½	24
Viceroy p. & rts.	25	..
Trusts & Loan Stocks:		
Brit. Mtge.	131	..
Capital Tr.	22	26
Com. Fin., c.	2½	3
Grey & B. Tr. $50	44	..
Guaranty Trust.	98	101
Guelph & C. $50	51	55
Lambton Loan.	32	..
London & West.	34	37
Sherbrooke Tr.	120	..
Sterling Trust	57	..
Traders Fin. A c	10½	11½
Do., A pfd.	84	86½
Trusts & Guar.	24½	26
Victoria Trust	78	84
Insurance Stocks:		
Brit. Amer.	51	56
Canada Life	390	420
Canadian Fire	78	..
Confed. 30% pd.	132	137
Crown fully pd.	252	270
Dominion Fire	130	..
D. of Can. Gen.	103	109
Empire 25% pd.	5½	6½
Excelsior 36% pd.	57½	62
Federal 25% pd.	30	34
Great-West Life	210	220
Imperial Life	295	310
Manufac. Life	215	240
Sov. L. 25% pd.	12½	15
Sun Life	353	375
Tor. General	5	5¾
Wellington Fire	58	..
Western Assce.	40	43
Theatre Stocks:		
Allens, Kings. p.	63	66
Do., London p	52½	58
Do., St Cath p	52½	56
Do., Tor., p.	31	35
Mansf. Theat., p	26	30
Para., Kitch. p.	51	55
Do., Oshawa, c	9½	11
Investment Trust Shares:		
Can. Investors.	5½	6
Deb. & Sec., pf.	62	..
Sec's. Hold., pf.	17	20
United Corp., A	19½	21½
Do., B	5½	6½
Power Issues:		
Can. W. N. Gas	25	..
Do., pfd.	100	102½
Gt. Lakes Pr., p.	100½	103
Mtl. Is. Pwr. p.	30	..
Nor. Ont. Pr., p.	76	84

Unlisted Mines

Toronto, Nov. 12, 1940

	Bid	Ask
Acordia	.20	.22
Addington	.01	.02
Albany R (Old)	.11½	.13
(New)	.25	.28
Amal Kir	.10½	.12
Anoki	.06½	.07½
Arjon	.02½	.04½
Armistice	.03	.04½
Argosy	.07½	.08½
Area	.03¾	.04¾
Arno	.01½	.02
Athona (Old)	.01	.02
(New)	.02½	.03½
Barb Lar	.02	.02¾
Bilmac	.00¾	.01½
Bonetal	.48	.51
Brock	.25½	.27
Buff Bear	.02	.03
Calder Bo	.03½	.05
Central M	.02¾	.03½
Cheminis	.03	.03½
Coin Lake	.03½	.05
Cons Chib	.04½	.06
Crescent	.01	.01½
Dayton	.01	.01½
Demp Cad	.00¾	.01½
Desants n	.21	.25
Dona Pat	.02	.03
E Lacoma	.00½	.01
Elmos	.06	.07
Franco	.29	.33
Galore	.01½	.03
Gate Pat	.00½	.01
Gilbec	.00½	.01
Gordon Lb	.01	.02
Hiawatha	.04	.05½
Hoyle nw	.31	.33
Hugh PP	.11	.12
Hutch Lke	.01½	.02
Keora	.01	.02
Kenricia	.01½	.02
Kewaga'a	..	.02
Kiena	.06	.08
Kirk Gate	.01	.02
Lacoma	.01	.01½
Lake Duf	.26	.29
Lake Gen	.06	..
Lw Pete	.20	.25
Magnet C	.97	1.00
Magnet L	.19	..
Magwell	.02	.03
Manik'u	4.50	4.75
Martin Br	.02½	.03½
Margaret	.09½	.11
Mata Can	.05½	.06½
Mata Con	.17	.20
Mof Hal n	.02	.02½
Monarch	.02	.02½
Mooshla	.01	.02
Mosher	.07½	.08½
McGregor	.02	.02½
Nat Mal	.56	.58
New Aug	.30	.32
Negus	.60	.70
New Roy	.00½	.01
Nickel O	1.00	1.25
Norbeau	.20	.23
Norlake	.01	.02
Norwin	.02	.05
Oklend	.13½	.14½
O'Leary	.01¾	.02½
Opemiska	.02½	.04½
Oriole	.01	.01½
Orpit	..	.02
Ossian	.01½	.02½
Pascalis	.33	.36
Pontiac R (Old)	.09	.10
Pelangio	.02	.02½
Polaris	.15	.17
Propri'y	3.00	3.15
Presdor	.03¾	.04½
Queb Man	.06	.08
Rahn Lke	.01½	.02½
Rand Ml	.11	.13
Red Lake	.02½	.03
Sachigo	2.25	2.75
Senore	.08	.10
Shenango	.02¾	.03½
Sheldon	.04	.06
Siscoe Ex	.01½	.03
Skynner	.03	.04½
Smelters G	.01	.01½
Spooner	.04	.04½
Sunbeam	.03½	.04½
Springer	.07½	.08½
Stadacona	.07½	.09
Thomson	.10	.13
Thomp Cd	.02	.04
Treaty P	..	.23
Union Mn	.04½	.06
Wasu	.02	.04
West Red	.02½	.04
Woco	.04	.06
Y David'n	.23	.25

Montreal, November 12, 1940

	Bid	Ask
Cad Exp	.02	.04
Chibmac	..	.02
C. Pand'ra	.01	.02
Cournor	.17	.20
Dubisson	.10	.15
L Rowan	.04	.05
Obalski	.01¾	.03
Pan Can	.06	.08
Scott Ch	.02½	.03½
Westwd C	.01	.02

Corporation Bonds

(Supplied by Investment Dealers' Association of Canada)

Nov. 12, 1940

Public Utility Issues:	Int. Rate %	Due	Bid Nov. 12	Asked	Bid Nov. 5
†Assoc. Tel. & T.	5½	'55	72½	75½	72
B. C. Power	4½	'60	101	104	101
B. C. Tel.	4½	'61	105½	108½	105½
†Calgary Pwr.	5	'60	106	109	105½
Do.	5	'64	102	...	102
†Can. Nor. Pwr.	5	'53	104½	107½	103½
*Dom. Gas & El.	6½	'45	101	104	101
Gatineau Pwr.	5	'49	101	104	101½
*Do., A	3½	'69	97	100	96½
Gt. Lakes Pwr.	4½	'56	98½	101½	98½
*Int. Hydro-E.	6	'44	71	74	...
▲Inter. Power	6	'55	100	...	100
Macl'n-Que. Pr.	4	'59	97	100	96
Mtl. L. H. & P.	3½	'56	99	102	99
Do.	3½	'73	95½	98½	95½
†Mtl. Tramways.	5	'41	92½	95½	93
†Do.	5	'55	63	66	63½
Nat. Lt. & Pwr.	6	'49	100	103	100
N. S. Lt. Pr.	4	'57	99½	...	99½
Ottawa H. & P.	4	'57	99½	...	...
Ottawa V. Pwr.	5	'59	102	105	102
†Power Corp.	4½	'59	96½	99½	96
Quebec Pwr.	4	'62	100	103	100
*Saguenay P., A.	4½	'66	106	...	105
♦Do., B.	4½	'66	103	...	103
Shaw. W. & P.	4	'61	101	104	101
Union Gas	4½	'50	102	105	102
†United Secs.	5½	'52	60	63	60½
Wpg. El., ser. A	4	'65	74	77	73½
Industrial and Realty Issues:					
†Abitibi P. & P.	5	'53	70½	73½	...
C O D	..	..	69	72	68½
Acadia Sugar	4½	'55	100¼	...	100¼
†Alta. Pa. Grain	6	'46	98	102	98
Atlantic Sugar	4	'51	99½	...	99½
†B. C. P. & Pap.	6	'30	87½	90½	87
*Brown Co.	5½	'46	56½	59½	56
Burns & Co.	5	'58	64	67	64
Canada Bread	6	'41	101	104	101
Canada Cement	4½	'51	103	106	103
Can. Paper	4½	'52	99	102	98
Can. Steamship	5	'57	96½	99½	96
Can. Canners	4	'51	99½	102½	99½
*Can. Int. Paper	6	'49	102	105	102
C. P. R.	3½	'51	88	91	88½
Do.	4	'49	92½	95½	92
Do.	4½	'44	97½	100½	97
Do.	6	'42	103	106	103
†Consol. Paper	5½	'61	68½	71½	67
Dom. Coal	4½	'52	100	...	100
Dom. Stl. & Co.	6½	'55	106	...	106
Dom. Tar	4½	'51	100½	103½	101
†Donnacona P.	4½	'36	78	81	78
Famous Players	4½	'51	100	103	99½
†Federal Grain	6	'49	98	102	98
†Fraser Cos.	6	'50	97	101	97
Gen. Stl. Wares	4½	'52	99	102	98½
*Great L. Paper.	5	'55	93	96	92½
†Gypsum, Lime	5½	'48	99	102	99
Ham. By-Pr. C.	5	'35	101½	104½	101½
Inter-City Bak.	5½	'48	100	...	100
*Inter. P., Nfld.	4½	'68	90	...	90
Lake St. J. P.	5½	'61	89	92	89
†Maple Leaf M.	3	'38	74½	77½	74½
Massey-Harris	4½	'54	92	95	91½
McColl-Fron.	4½	'49	101½	104½	101½
McCormick's	4	'52	95½	98½	93½
Mercury Mills	5	'59	91½	94½	92
*M. & O. Paper	6	'45	53½	56½	51½
Nat. Grocers	4	'47	100	...	100
N. S. Stl. & Co.	3½	'63	84½	87½	84½
Price Bros.	5	'57	97	100	98½
*Prov. Paper	5½	'47	104	...	103
Reliance Grain.	4½	'52	94	...	94
†Restigouche Co.	6	'48	98	102	98
*Rolland Paper	4½	'51	102	105	102
Simpsons Ltd.	4½	'51	100½	103½	99½
Smith, Howard.	4½	'51	103	106	105
*United Gas	5½	'48	103	...	103
United Gr. Grs.	5	'48	95	...	95
†Western Grain	6	'49	49½	52½	49

*Payable in Can. or U. S.
†Payable in Can., U. S. or U. K.
▲Payable in Can. or U. K.
*Payable in U. S. only.
♦Payable in Canada only.

Supplementary Bond and Stock Quotations

Furnished by Plaxton, Cherry & Co., Toronto

Nov. 12, 1940

Miscellaneous Bonds:	Int. Rate %	Due	Bid Nov. 12	Asked	Bid Nov. 5
†Alg. Cen. H.B.R.	5	'59	6¾	7½	6½
*†B. C. Pulp	7	'50	96	100	95½
Can. Electric	4½	'65	97	100½	96
†Can Locomotive	6	'33	84	87	82
†Can. Vickers	6	'47	53	56	52
Col. Steamship.	6	'34	93½	96	93
Dom. Scott. Inv.	4	'52	92	95	89½
Dom. Woollens.	6	'33	93½	96	92½
†Dufferin Pav.	5	'55	47	51	46½
East. Dairies	6	'49	77	80	73½
Galt Brass	3	'50	74	..	72
Gt. Lakes Pwr.	5	'37	96½	98½	96½
*Gurney Fdry.	5½	'49	70	72½	69½
Ham. Cotton	4½	'50	100¼	103	100¼
Indust. Accept.	4	'32	86	89	85½
Inv. Bond & Sh.	5	'47	49	51½	48½
*Kingston Elev.	6	'50	103	107½	104½
†L. St. John P&P	5	'61	69	73½	68
Legare	6	'61	85	88	84½
L. St. Law. Pwr	5	'55	96½	99½	96½
Moirs Ltd.	6	'53	73½	..	73½
†Mtrl. Drydocks.	6	'48	41	44	40
*M. & O. New	.	..	76	78½	75
†Munic. Bankers	.	..	9	10¾	9
N.S. Light Pwr.	4	'57	100½	103	100
Price Bros.	4	'57	85	88½	86
E. L. Ruddy	6½	'48	98½	101	98
Silv. Dairies	5	'51	100	103	100½
Silv. Dairies	6	'66	93	96	92½
Stand. Lime	6	'44	96¾	99¾	96½
Sterling Coal	6	'45	94	97	93½
†Stop & Shop	3	'47	57	59½	56½
St. Maurice Pr.	4½	'70	100	103	99¾
Twin C. Rap. Tr.	5½	'52	68¾	71½	68½
United Corp.	5	'53	91	94	90½
†Wpg. Elec., B	4-5	'65	53¾	55½	53½

Miscellaneous Stocks:	Bid Nov. 12 $	Asked $	Bid Nov. 5 $
Blue Top Brew., B	5.50	6.50	5.25
Brown, Co., com.	1.50	2.25	1.35
Can. Inv. Fund	3.60	4.00	3.45
Can. Motorlamp, A	2.75	3.75	3.00
Can. West. Lumber	.40	.70	.35
Cap. Wirecl., pref.	19.50	22.00	19.00
Collingw. T. units	.75	1.25	.70
Corp. Inv., A	5.75	6.10	5.70
Dover Ind. Ltd.	7.75	8.50	7.85
East. Stl. Prds., pfd.	20.00	21.00	20.00
Ind. Accept., pref.	80.50	83.00	80.00
Int. Util., 1.75 pfd.	10.00	11.25	10.00
Int. Util. 3.75 pfd.	32.00	35.00	33.50
Inv. Found. units	40.00	43.00	39.00
Mid. Loan & Savgs.	14.00	15.25	14.00
Moirs, 6% pfd.	16.25	18.25	16.50
N. Amer. Elev., pfd	50.00	....	49.50
Prov. Bank	101.00	103.50	101.50
Tip Top Inc., units	51.00	60.00	50.00
Tr. Fin. Inc., rts.	13.25	15.00	13.00
Waterloo Tr.&Savgs	100.50	103.00	100.00
West. Can. Hydro, p	11.00	12.00	11.00

*Payable U.S. & Can. funds. *Payable U. S. funds only. ▲ †Traded without accrued interest.

Municipal Bonds

Nov. 12, 1940

†Halifax	5	1961	108.00	110.00	4.27
Hamilton	5	1950	110.50	112.50	3.45
Montreal	5	1945	94.00	98.00	3.52
Ottawa	4½	1945	104.05	106.05	3.10
†Quebec	5	1959	104.00	108.00	4.37
Saint John	5	1950	102.00	106.00	4.28
†Toronto	4½	1955	109.10	111.10	3.50
†Vancouver	5	1930	99.00	102.00	4.73
Winnipeg	5	1944	101.00	104.00	2.71

†Payable Can. and N.Y.

Vancouver Stocks

Par Val.	Range 1940 High	Low	Company	Sales	Close Nov. 4 (or last)	High for week	Low for week	Close Nov. 11
1	.14	.04	Big Missouri	1,500	.04	.05½	.05¼	.05¼
No	11.25	7.55	Bralorne	1,083	10.00	10.80	10.00	10.75
1	.01½	.01¼	Bridge River Cons.	......	(.... bid .01 asked)			
1	2.70	1.65	Cariboo Gold	1,250	2.12	2.25	2.15	2.25
No	.01¼	.00¼	Dentonia	......	(.... bid .00½ asked)			
No	.02	.00½	Fairview Amal.	......	(.00¼ bid .01 asked)			
1	.25	.10	George Copper	200	.25	.20	.20	.20
1	.05	.02½	Golconda	500	.05	.05	.05	.05
50c.	.28	.15	Gold Belt	900	.20	.21½	.20	.21½
50c.	.20	.08	Grandview	8,600	.14	.16	.14	.16
1	.04½	.01½	Grull Wihksne	1,000	.02¾	.02¾	.02¾	.02¾
1	.57	.30	Hedley Mascot	9,325	.49	.55	.50	.53
No	.00¾	.00¼	Home Gold	......	(.... bid .00½ asked)			
1	.01	.00¼	Indian Mines	......	(.01 bid .01½ asked)			
50c.	1.10	.63	Island Mountain	800	.81	.90	.83	.90
1	.38	.30	Inter'l Coal	......	(.32 bid .... asked)			
50c.	.85	.24	Kootenay Belle	247	.25	.27	.24	.27
1	.25	.17	McGillivray Creek	......	(.20 bid .... asked)			
No	.05½	.01	Minto Mines	......	(.01 bid .01½ asked)			
50c.	.04½	.00¾	Nicola	......	(.00½ bid .01 asked)			
1	.13	.07	Pacific Nickel	......	(.07 Oct. 28)			
1	2.35	1.05	Pend Oreille	1,170	1.70	2.20	1.75	2.20
1	2.50	1.45	Pioneer Gold	610	2.15	2.37	2.15	2.35
50c.	.02½	.01½	Porter Idaho	......	(.01½ bid .02 asked)			
No	.01½	.00¾	Premier Border	......	(.00¾ bid .01½ asked)			
1	1.42	.72	Premier Gold	1,315	.85	.92	.82	.92
No	.94	.37	Privateer Mines	5,400	.58	.60	.54	.60
1	.03½	.01	Quatsino Copper	......	(.01½ bid .03 asked)			
1	.30	.15	Reeves McDonald	2,000	.15	.25	.21½	.21½
1	.14½	.02½	Relief Arlington	4,500	.03	.03½	.03	.03½
1	.57	.09	Reno Gold	5,300	.16	.16	.14½	.16
1	.06½	.04	Sally Mines	......	(.... bid .06 asked)			
50c.	.05¾	.02	Salmon Gold	13,000	.02	.02¾	.02	.02¾
50c.	1.22	.75	Sheep Creek	1,825	.90	.92	.90	.92
1	1.31	.55	Silbak Premier	110	.55	.60	.60	.60
No	.02	.00½	Silvercrest	5,000	.00½	.00¾	.00¾	.00¾
1	.05	.05	Sunloch	......	(.05 May 11)			
50c.	.11¾	.05	Surf Inlet	1,000	.09	.10	.10	.10
No	.03	.02	Taylor Bridge	4,000	.02½	.02	.02	.02
20c.	.01½	.00¾	Wellington	......	(.00½ bid .... asked)			
50c.	.00¾	.00¾	Wesko	......	(.... bid .00½ asked)			
1	.04	.01	Whitewater	3,000	.01¾	.02	.02	.02
No	.07½	.04	Ymir Yankee Girl	......	(.04 bid .05 asked)			

Oil Quotations

Par Val.	Range 1940 High	Low	Company	Sales	Close Nov. 4 (or last)	High for week	Low for week	Close Nov. 11
1	.22	.08	Alta. Pac. Cons.	500	.10	.09½	.09½	.09½
1	.00¾	.00¼	Amalgamated	......	(.00½ bid .... asked)			
No	.07¾	.03	Anaconda	1,000	.03	.04½	.04½	.04½
No	1.02	.45	Anglo-Canadian	1,500	.58	.66	.60	.66
No	.13	.05	Brit. Dominion	......	(.05 Oct. 18)			
No	.18½	.06	Brown Oil	......	(.10 Sept. 23)			
No	2.33	1.00	Calgary & Ed.	4,360	1.56	1.67	1.60	1.60
1	.46	.18	Calmont	7,200	.20	.31	.25	.31
No	.32	.17	Commoil	1,500	.25	.24	.24	.24
1	.29	.16	Commonwealth	225	.20½	.22	.20	.20
No	.50	.20	Dalhousie	......	(.34 bid .... asked)			
No	.31	.13	Davies Pete	1,000	.13	.17	.16	.17
No	.08	.02½	East Crest	......	(.04½ bid .... asked)			
No	.26	.15	Extension	19,600	.18	.20½	.17	.20
No	.40	.30	Federated Petrol	200	.35	.38	.38	.38
25c.	.08½	.05	Firestone	......	(.03½ bid .05½ asked)			
No	1.08	.38	Foothills	......	(.57 bid .66 asked)			
25c.	.10	.10	Foundation Pete	......	(.10 Apr. 9)			
No	.12	.08½	Four Star	......	(.... bid .12 asked)			
No	.17	.09	High Sarcee	......	(.14 bid .15½ asked)			
No	3.10	1.31	Home Oil	5,150	2.17	2.38	2.25	2.38
No	.03	.01½	Madison	......	(.01 bid .02 asked)			
No	.04½	.00¾	Marjon Oil	11,000	.01¾	.01¾	.01¾	.01¾
No	.15	.05½	McD. Segur Ex.	2,200	.07	.08	.07½	.07½
No	.07½	.03	Mercury	8,500	.04	.04½	.04½	.04½
No	.07½	.04	Mill City Pete	800	.04	.04	.04	.04
1	.31	.12	Model	1,700	.19	.21	.20	.21
25c.	.08½	.04	Monarch Royal	......	(.04 bid .06 asked)			
25c.	.21	.05	National Pete	3,000	.05	.05	.05	.05
1	.05	.04	Nordon	500	.04	.04	.04	.04
No	1.31	.58	Okalta	1,100	.90	.90	.85	.90
No	.06	.03	Pacalta Oil	......	(.05 bid .06 asked)			
1	.42	.19	Pacific Petroleum	1,521	.30	.26	.25	.25
25c.	.21½	.08	Prairie Royal	900	.08½	.09	.08	.08
No	.19½	.08½	Royal Canadian	23,000	.09	.10	.08½	.10
No	.10½	.06	Royal Crest	......	(.07½ Sept. 25)			
No	36.00	17.50	Royalite	20	25.00	23.00	23.00	23.00
No	.07½	.03	South End	......	(.03½ May 16)			
No	.60	.21	Southwest Pete	......	(.21 bid .40 asked)			
1	.06	.02	Spooner	3,500	.06	.06	.06	.06
25c.	.38	.11½	*Sunset Oil	200	.11½	.15	.15	.15
No	.09	.03½	United	875	.04½	.03½	.03½	.03½
No	.07	.03¼	Vanalta	4,000	.04	.05½	.04½	.05½
1	.63	.23	Vulcan	......	(.28½ bid .... asked)			
No	.05	.02	West Flank	1,200	.03	.02	.02	.02

*Quotations for 1939.

Oil Stocks

Par Val.	Range 1940 High	Low	Company	Sales	Close Nov. 4 (or last)	High for week	Low for week	Close Nov. 11
No	.08	.02	Acme Gas & Oil	9,600	.06	.08	.06	.08
1	.21	.05½	Alta. Pac. Cons.	......	(.10 bid .15 asked)			
1	.22½	.10	Ajax	600	.11	.17	.15	.17
No	1.03	.40	*Anglo Canadian	13,000	.60	.65	.58	.64
No	.07	.06	Anaconda	......	(.03½ bid .05 asked)			
No	.18	.04	Br. Dominion	......	(.04 Oct. 18)			
No	.19½	.06½	Brown Oil	2,700	.12	.12	.11	.11
92.50	75.00	65.00	Do., pref.	......	(.... bid 75.00 asked)			
No	2.39	1.00	Calgary & Ed.	8,605	1.60	1.65	1.58	1.63
1	.47	.18	Calmont	4,100	.22	.27	.24	.27
No	.33	.15	Commoil	......	(.22 bid .25 asked)			
No	.32	.10	Common Pete	25	.23½	.20	.20	.20
No	.55	.15	Dalhousie	1,945	.27½	.37	.25	.37
No	.35	.10½	Davies Pete	12,800	.17	.18½	.17	.17
No	.08	.02	East Crest	1,000	.05	.05¾	.05¼	.05½
No	.26	.15	Extension Oil	6,000	.17½	.18½	.17	.18½
No	.45	.27	Federated Pete	300	.36	.45	.40	.45
25c.	.09	.05	Firestone Pete	500	.05	.05	.05	.05
No	1.05	.30	Foothills	2,285	.57	.65	.60	.60
25c.	.11	.06	Foundation Pete	......	(.06½ bid .... asked)			
No	.18	.05	Hargal	......	(.07 bid .20 asked)			
No	.19½	.07	High Sarcee	200	.14	.11	.11	.11
No	3.10	1.30	Home	38,114	2.33	2.56	2.30	2.55
1	.07½	.01¾	Homestead O. & G.	......	(.02½ bid .03½ asked)			
No	.14½	.05	McD. Segur	1,000	.07	.07	.07	.07
1	.30	.16	Model	......	(.18 Oct. 21)			
25c.	.09	.04½	Monarch Royalties	500	.05½	.05	.05	.05
25c.	.21½	.04	National Petroleum	1,000	.05	.04	.04	.04
1	.07½	.02	Nordon	......	(.03½ bid .06 asked)			
No	.02¾	.01½	Oil Selections	......	(.02 bid .03 asked)			
No	1.35	.60	Okalta	3,100	.90	.90	.85	.90
No	.07	.02½	Pacalta	15,000	.06	.06½	.05½	.05½
1	.40	.20	Pacific Petroleum	......	(.35 Oct. 8)			
1	.35	.25	Petrol Oil & Gas	......	(.30 bid .... asked)			
25c.	.22	.08	Prairie Royalties	500	.08	.09	.09	.09
No	26.50	17.63	Royalite	219	22.00	23.50	22.00	23.50
No	.62½	.20	South West Pete	200	.20	.35	.35	.35
No	.07½	.01¾	South End	7,000	.02½	.02½	.02	.02
5	2.25	.90	Texas Can.	1,200	1.50	1.45	1.45	1.45
No	.08½	.03	United Oils	4,500	.05	.04½	.03	.03
1	.17½	.02	Vermilata	3,000	.02	.04	.02½	.04
1	.60	.25	Vulcan	......	(.28 bid .40 asked)			
No	.04	.01½	West Flank	1,000	.01½	.02	.02	.02

Week in Wheat

Rushing Damp Grain To Terminal Elevators

Damaged Alberta Crop Gets Right of Way to Prevent Spoilage — Wintry Weather Hits Deliveries

From Our Own Correspondent

WINNIPEG.—Right of way in western grain shipments is now to be accorded to tough and damp grain in Alberta. Country elevators in that province were forced up until last week to refuse acceptance of such containing too much moisture for its safe keeping unless it could be got promptly to terminal elevators for conditioning.

With terminal elevators blocked, and more grain in transit by rail than could be unloaded for several weeks wheat deposited in country elevators was likely to remain there for a long time, quite long enough to spoil if it had a high moisture content.

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Delay Helped

As matters turned out, it was probably fortunate that the elevator companies did have to refuse such grain. Nervous as Alberta farmers were about getting their crop threshed, after weeks of delay on account of wet weather, they found it necessary to wait still longer, until grain was given a chance to dry in the field. Drying weather arrived at last and the great bulk of the crop actually was threshed in good condition. But there still remain in the hands of Alberta farmers perhaps 10 or 15 milllion bushels of grain, threshed when damp.

To take care of such, room is now being made in government interior terminals and in terminal elevators at the head of the lakes, while dry grain in transit is being sidetracked. Railway cars are being placed exclusively at stations where there is tough and damp grain to come in, and in all probability there will be special enlargement of quotas for delivery in certain Alberta stations to accommodate this grain which must be dried or it will spoil. That may seem to be discrimination to a certain extent against farmers with dry grain, who must experience a corresponding delay in delivering their grain.

The situation, however, will be cheerfully accepted, as every western farmer is familiar with the hazards which follow grain with too high a moisture content and with the special measures which may be necessary to salvage it.

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Revision Downward

Elevator operators in Alberta were prepared for the revised estimate by the Dominion Bureau of Statistics of the Alberta wheat crop, reduced from 203 million bushels to 190 million bushels. Most of them on checking final threshing reports found that agents had previously somewhat overestimated production, possibly because of over-enthusiasm of producers induced by an extremely heavy crop.

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Space Problem

Cold and stormy weather throughout the West is likely to delay the deliveries of grain for some time at those elevators where space still remains, or where additional space is being provided by building of annexes. Many of the latter are still under construction in the West. Additional space is likely to be made available shortly, as railways authorize the loading of additional cars, in anticipation of heavy outward movement from lakehead terminal when load grain is loaded for winter storage on lake vessels.

Doubt U. K. Flour Output Crippled

From Our Own Correspondent

MONTREAL. — Reports that British flour mill output has been seriously crippled by German bomb damage are regarded as much exaggerated in Canadian milling circles, where it is denied that Canadian plants are now operating far above rated capacity to take up slack in British capacity. Increased Canadian flour shipments to the U. K. during the last half of September are believed to have gone chiefly to replace storage stocks damaged by air raids on docks and warehouses.

The overseas movement of flour has now dropped back to normal, mill officials here report, and the U. K. has arranged for increased deliveries of Canadian wheat, with some shipments as far ahead as next March. Canadian mills are currently operating well below rated capacity and have no large rush orders to supply British needs. This is taken to mean that any bomb damage to British mills has not seriously impaired U. K. production, which normally is far greater than home demand and goes largely into export channels now closed.

U. K. shipments during the last several weeks have been somewhat lower than the high level previously reached.

Dividends Declared

	This payment	Date payable	Date of record
Alta. W. Pres., p.	$1.75	Jan. 2	Dec. 23
Aluminium	$1.50	Dec. 5	Nov. 20
Do., pref.	†$1.50	Dec. 1	Nov. 15
Anglo-Huronian	10c	Dec. 30	Dec. 16
Ang. Can. Tel., A	15c	Dec. 2	Nov. 15
Andian National	†$1	Dec. 2	Nov. 20
Do., extra	†50c	Dec. 2	Nov. 20
Bk. Can. Nationale	$2	Dec. 1	Nov. 15
Bank of Montreal	$2	Dec. 2	Oct. 31
Bank of Toronto	$2.50	Dec. 2	Nov. 15
Beattie Gold	4c	Dec. 5	Nov. 15
Do., extra	▪2c	Dec. 5	Nov. 15
Bathurst Pr., A	25c	Dec. 23	Dec. 5
Cel. of Am., stk. div.	*	Dec. 10	Oct. 11
Do., prior pf.	†$1.75	Jan. 1 '41	Dec. 17
Do., part. pfd.	†$3.50	Dec. 31	Dec. 17
Can. W. & Cable, A	$1	Dec. 15	Nov. 30
Do., B	50c	Dec. 15	Nov. 30
Do., pref.	$1.62½	Dec. 15	Nov. 30
Can. Gen. Elec.	$2	Jan. 2	Dec. 14
Chesterville L.	▲5c	Dec. 14	Nov. 25
Confed. Amuse., pf.	$3	Dec. 4	Nov. 15
Coniaurum M.	4c	Dec. 5	Nov. 15
Do., extra	▪2c	Dec. 5	Nov. 15
Crow's Nest Coal	$1.50	Dec. 2	Nov. 7
Commoil	1½c	Nov. 25	Nov. 15
Canada Cement, p.	$1.25	Dec. 20	Nov. 30
Can. Ind. Alc., A B	15c	Nov. 30	Nov. 20
Can. Malartic G.	▪2c	Dec. 17	Nov. 28
Can. Indemnity	$3	Jan. 2	Dec. 20
Do., bonus	$2	Jan. 2	Dec. 20
Canadian Fire	$2	Jan. 2	Dec. 20
Confederation Life	$1.50	Dec. 31	Dec. 25
Canada Bud Brew.	20c	Dec. 12	Dec. 6
Can. Tube & Stl., p.	$3	Dec. 16	Dec. 7
Deb. & Secs., pref.	$2.50	Jan. 1	Dec. 23
Distil.-Seag., c.	55½c	Dec. 16	Dec. 2
Davies Pete.	1c	Nov. 25	Nov. 15
Dominion Coal, pf.	38c	Jan. 2	Dec. 14
Dom. & Ang. Inv. p	$1.25	Dec. 2	Nov. 15
Dome Mines	▪50c	Jan. 20	Dec. 31
Dom. Bridge	30c	Nov. 25	Oct. 31
East Malartic M.	10c	Dec. 2	Nov. 1
Extension Oil	2c	Nov. 30	Nov. 23
English Elec., A	62½c	Dec. 16	Nov. 30
Gen. St. Wares, pf.	$1.75	Nov. 20	Nov. 8
Do., participating	19c	Nov. 20	Nov. 8
Granby Cons.	▪†15c	Dec. 2	Nov. 15
Hallnor Mines	15c	Dec. 2	Nov. 15
Hard Rock G.	5c	Dec. 20	Nov. 30
Highland-Bell	2c	Nov. 7	Oct. 5
Hollinger Cons.	5c	Dec. 2	Nov. 18
Do., extra	5c	Dec. 2	Nov. 18
Island Mtn. M.	7c	Dec. 16	Dec. 2
Inter. Nickel, c.	50c	Dec. 31	Dec. 2
Imperial Oil	25c	Dec. 2	Nov. 15
Inter. Petroleum	50c	Dec. 2	Nov. 20
Lake of Woods M.	50c	Dec. 2	Nov. 15
Do., pref.	$1.75	Dec. 2	Nov. 15
Laura Secord	20c	Dec. 2	Nov. 15
Loew's London, pf.	25c	Nov. 30	Nov. 16
Loblaw Inc.	†20c	Nov. 30	Nov. 15
Loblaw Groc., A B	25c	Dec. 2	Nov. 9
Do., extra	12½c	Dec. 2	Nov. 9
Madsen R. Lake	3c	Dec. 15	Dec. 1
McIntyre Porc.	55½	Dec. 2	Nov. 1
Do., extra	$1.11	Jan. 2, '41	Nov. 1
Matachewan Cons.	▪2c	Nov. 30	Nov. 11
MacLeod-Cockshutt	10c	Dec. 20	Nov. 30
Modern Contain.	20c	Jan. 1	Dec. 20
Do., extra	10c	Jan. 1	Dec. 20
Do., pref.	$1.37½	Jan. 1	Dec. 20
Nipissing Mines	15c	Dec. 11	Nov. 15
Nat. Biscuit	†40c	Jan. 15 '41	Dec. 13
Do., pref.	†$1.75	Nov. 30	Nov. 15
Noranda Mines	$1	Dec. 16	Nov. 25
Northwest. Util., p.	$1.50	Dec. 1	Nov. 25
N. S. Light & P., p.	$1.50	Dec. 2	Nov. 16
Ogilvie Flour, pf.	$1.75	Dec. 2	Nov. 18
Pamour Porc.	6c	Dec. 2	Nov. 15
Pressed Metals	†25c	Dec. 2	Nov. 15
Provincial Bank	$1.50	Dec. 1	Nov. 15
Quebec Power	25c	Nov. 25	Oct. 28
Real Est. Loan	$1	Jan. 2	Dec. 17
Reliance Grain, p.	$1.62½	Dec. 14	Nov. 30
Royal Bank	$2	Dec. 2	Oct. 31
Rolland Paper, pf.	$1.50	Dec. 2	Nov. 15
Royalite Oil	50c	Dec. 2	Nov. 15
Shawinigan W.	22c	Nov. 25	Oct. 23
Siscoe Gold	2½c	Dec. 16	Nov. 16
So. Amer. Gold	†10c	Nov. 20	Nov. 7
Sherritt G. M.	5c	Dec. 12	Nov. 12
Sylvanite Gold	†5c	Dec. 28	Nov. 6
Do., extra	†5c	Dec. 28	Nov. 6
Share Rylts.	1c	Nov. 28	Nov. 19
Teck-Hughes	▪10c	Jan. 1	Dec. 6
Toronto Elevators, c.	$1	Dec. 7	Nov. 25
Toronto Elevators, p.	66c	Dec. 7	Nov. 25
Toburn Gold	2c	Nov. 22	Oct. 22
Do., extra	2c	Nov. 22	Oct. 22
Union Gas	20c	Dec. 14	Nov. 20
United Fuel, A pfd.	75c	Jan. 2, '41	Dec. 20
Upper Can. Mines	3c	Nov. 30	Nov. 15
United Amuse., A B	40c	Nov. 30	Nov. 15
Ventures	▪10c	Dec. 21	Nov. 29
Wendigo Gold	▪▲3c	Dec. 3	Nov. 25
Walkerville Brew.	5c	Nov. 25	Nov. 15
Wr.-Hargreaves	11.1c	Jan. 2	Nov. 20
Do., extra	5.55c	Jan. 2	Nov. 20
Do., interim	11.1c	Jan. 20	Dec. 2

†Payable in U. S. funds.

▪Subject to approval by Foreign Exchange Control Board.

*One share for each 30 common shares held.

▲Initial.

Several Sources Prairie Income

From Our Own Correspondent

WINNIPEG.—A careful check of reports from many parts of western Canada shows that there is much less complaint than had been expected from farmers of shortage of cash because of restrictions on their grain deliveries by shortage of elevator space and imposition of quotas.

The explanation lies partly in the fact that farm income from other sources has been good, with satisfactory prices for beef cattle and hogs, while more recently there has been a sharp rise in butter fat prices.

A certain percentage of Government war expenditures is finding its way into rural districts. This is notably the case in areas where airports and schools have been erected, but there has also been a steady trickle of remittances from men enlisted in the army, and to some extent from men from the country who have found city employment, either directly on munitions or on work related thereto.

Wheat Prices

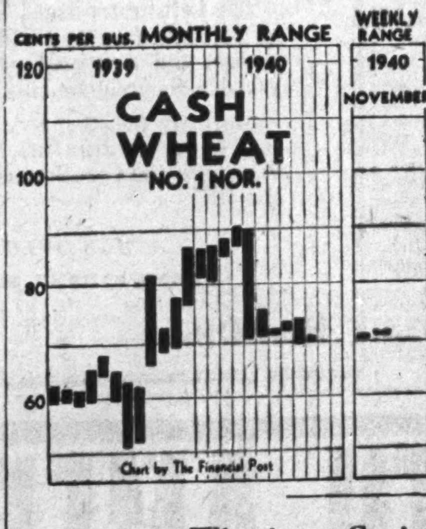


Chart by The Financial Post

Cash Quotations

	For Week Nov. 11 High	For Week Nov. 11 Low	Prev. Week High	Prev. Week Low
Wheat:				
1 Hard	.71⅝	.70⅞	.70⅞	.70½
1 Nor.	.71⅝	.70⅞	.70⅞	.70½
2 Nor.	.70	.69½	.69½	.69⅛
3 Nor.	.68¼	.67⅝	.67⅝	.67¼
4 Nor.	.65¼	.64⅝	.64⅝	.64¼
5 Wheat	.62¾	.62⅛	.62⅛	.61½
6 Wheat	.59¼	.58⅝	.58⅝	.57½
Feed	.55¼	.54⅝	.54⅝	.53½
Oats:				
2 C. W.	.35⅜	.32⅝	.33	.32⅛
3 C. W.	.32⅝	.30½	.30	.29⅝
Barley:				
1 Feed	.46⅞	.42¾	.42⅞	.41¼
2 Feed	.46¼	.42¼	.42⅝	.40¾
Flax:				
1 C. W.	1.32⅝	1.26⅝	1.21¾	1.17¾
2 C. W.	1.28⅛	1.22⅛	1.17¾	1.13⅜
Rye:				
2 C. W.	.46⅝	.44⅛	.44¼	.43¼

Winnipeg Grain Futures

Week to Nov. 11, 1940

Crop year from Aug. 1, 1940 High	Low		Open Nov. 6	High for week	Low for week	Close Nov. 11	Close year ago
		Wheat					
.74⅝	.71⅝	Dec.	.71⅝	.72⅝	.71⅝	.72	.70⅞
.77⅜	.75⅝	May	.75⅞	.76⅞	.75⅞	.76¼	.76
.78½	.77½	July	.....	.78½	.77½	.77⅞	.77⅜
		Oats					
.33½	.25⅝	Dec.	.30⅞	.33½	.30⅛	.33⅛	.32⅛
.32½	.26⅝	May	.30½	.32½	.30¼	.32⅛	.33¼
.31	.29½	July	.....	.31	.29¾	.31	.33¼
		Barley					
.45⅛	.30½	Dec.	.41½	.45⅛	.41⅛	.45⅛	.42⅝
.44⅝	.33⅝	May	.41¼	.44⅝	.41	.44	.44⅝
.41¾	.39⅞	July	.40⅝	.41¾	.40	.41¾	.....
		Flax					
1.34⅛	1.15⅛	Dec.	1.24½	1.33⅛	1.24⅛	1.32⅝	1.58
1.39⅝	1.16	May	1.28½	1.36½	1.28½	1.36	1.62½
		Rye					
.47⅝	.40¾	Dec.	.45	.47¾	.44⅝	.46⅞	.37⅛
.50⅝	.44¼	May	.47⅝	.50½	.47⅝	.49⅝	.50⅝

West'n Canada Reports Net Quadrupled

Highest in Decade—Realizes $945,438 From Sale of Assets

Western Canada Flour Mills Co. and subsidiaries report net profit of $216,127 for year ended July 31 last, more than four times as high as in the previous 12 months. Preferred dividend requirements of $6.50 per share were more than earned for the first time in 10 years. No dividends have been paid since 1935.

The company increased both domestic and export sales, according to G. R. Cottrelle, acting president. Higher export demand was largely from the United Kingdom, while certain markets have been lost due to the war.

Sum of $945,438 cash was realized from sale of 76 country elevators in western Canada and of common shares in Dominion Salt Co., Sarnia, Ont. This is reflected in part in the increased working capital. The company is no longer in the country elevator business, but it continues to operate the Goderich, Ont., salt plant.

Capital Expenditures $289,000

Mr. Cottrelle reports $289,000 spent on modernization of plants and equipment. Major project was the erection of additional facilities for storage and handling bulk grain at the Winnipeg mill. The amount spent was in addition to normal replacements and additions to fixed assets.

Advances of $217,137 were made to the wholly owned subsidiary, Purity Baking Co., to meet bank interest not earned in full, to pay for improvements to fixed assets and provide added working capital. A special advance of $550,000 has been authorized to reduce the Purity Baking bank loan, which is guaranteed by the parent company. The subsidiary has been released from $488,407 of advances made by the parent, thereby enabling the subsidiary to write off its accumulated deficit to July 31, last. In the 1938 fiscal year the subsidiary was released from liability for advances to the amount of $916,684.

Mr. Cottrelle adds that operations of Purity Baking were adversely affected during the year by lower average selling prices and increased costs of ingredients and supplies. Absorption of the processing tax on wheat now collected by Ottawa imposes an additional burden by increasing the cost of its basic ingredient.

Vacancies on the board of directors have been filled, and the board now includes: G. R. Cottrelle, acting-pres.; R. H. B. Ker, vice-pres.; J. J. Page, gen. mgr.; A. J. Mitchell, J. A. Kilpatrick, J. H. Gundy, John Davidson, I. C. Hall, F. G. Lawson and C. F. Basil Tippet. Other officers are: J. S. Anderson, treas.; A. H. Denoon, sec.; and A. R. MacKenzie, comptroller.

Fall Moisture Reported Heavy

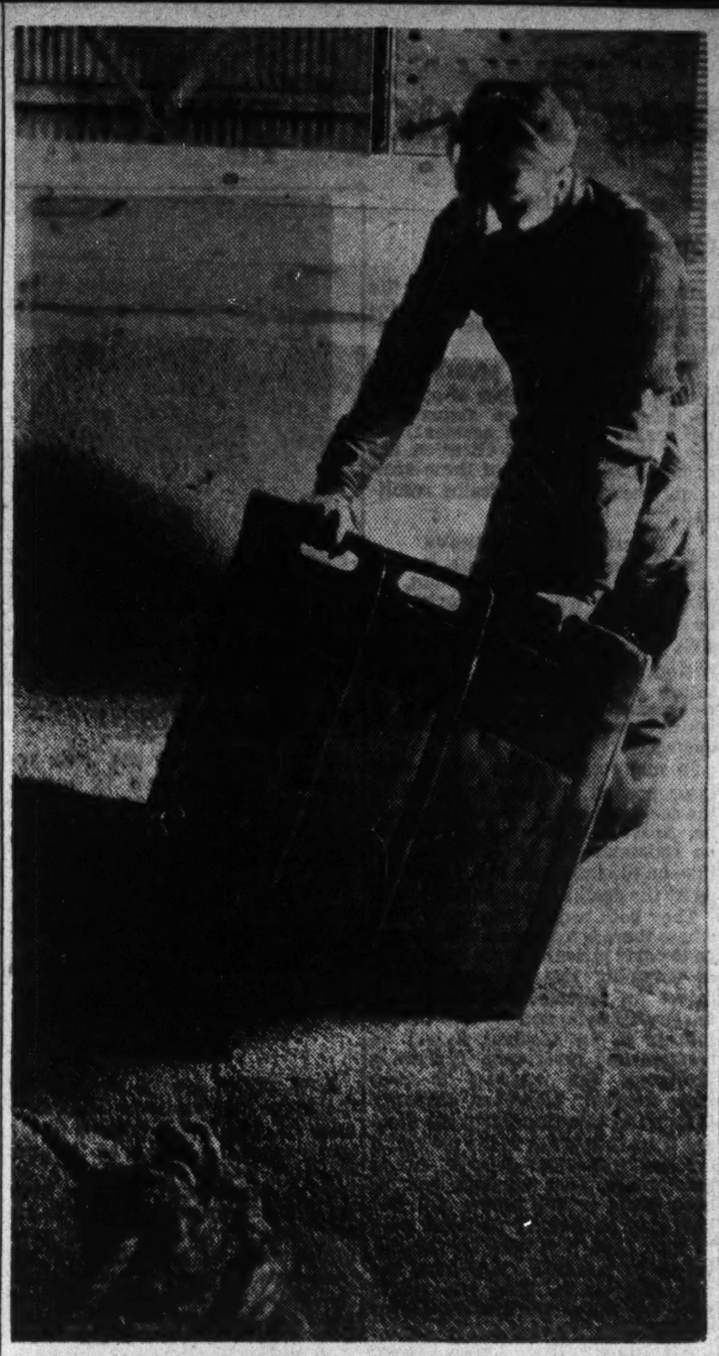
Manitoba Only Prairie Province Less Than Normal

Fall precipitation in western Canada has been far above average in Alberta, well above in Saskatchewan and only slightly below in Manitoba, according to Sanford Evans.

Three points out of 13 reporting centres in Manitoba show fall rainfall above normal; the remainder are normal or slightly below. Average for the whole province from Sept. 1 to Nov. 8 was 2.64 inches against a normal of 2.89. Total to date, however, has been heavier than 1939 and 1938.

In Saskatchewan practically every reporting centre records better than normal moisture with an average for the whole province of 2.52 inches against a normal of 2.20. This is the best fall moisture since 1937. Incidentally the crop following the fall of 1937 was hit by dry, hot July weather and proved disappointingly small.

Alberta's fall moisture has been particularly heavy, with double the average in the south, where threshing was seriously delayed. For the whole province a fall of 3.31 inches is reported against a normal of 2.28.



DAMP GRAIN MUST BE DRIED

Abnormally wet weather in southern Alberta this fall has resulted in 15 million bushels of damp wheat. This is now being rushed to terminal elevators for special drying. Without this treatment grain would spoil. Photo shows grain being unloaded with power shovel.

Loan Companies Take Wheat Instead of Cash

If wheat in storage is not the same as cash in the bank, what is it?

That is one of the posers being faced this year by loan companies holding farm mortgages in the Prairie Provinces when working out earnings figures. It is a problem which has arisen as a result of the unprecedented situation whereby only limited deliveries of the bumper crop can be marketed. Wheat is no longer negotiable to the extent it was in former years. Only a portion of the crop can be turned into immediate cash.

Some loan companies are receiving delivery of wheat instead of cash in payment of farm mortgage accounts. This is not entirely a new departure, but it is the first time mortgage companies actually have received delivery of the grain and assumed responsibility for storing and selling it.

In the past, the majority of farm mortgages have included a "share-crop" clause. This usually provides one third of the proceeds from a crop be applied on mortgage principal and interest. The loan company receives the cash upon delivery of the grain by the farmer to the elevator.

Companies Store Grain

This year the unusual situation has arisen whereby only a portion of a farmer's crop can be delivered to an elevator—due to lack of storage for the full crop. Loan companies which can obtain storage space for wheat, therefore, are in many cases accepting delivery direct from a farmer of grain which they can claim under a "share-crop" clause of a mortgage.

But loan companies are finding difficulty in determining whether or not wheat in storage can be included in earnings accounts—the same as cash.

The question of providing storage space also has been the cause of concern. Rather than accept no payment at all or only a small portion of it from a farmer, companies have made every attempt to locate idle space for storage.

Certain Element of Risk

A certain element of risk is involved. The companies are sure of getting 70 cents per bushel, plus credit for storage, on grain delivered to the Wheat Board during current crop year—which ends July 31, next. No difficulty is anticipated at this time in completing the sale of all wheat stored, but there always is the danger of unforeseen circumstances arising to leave some companies holding wheat for the next crop year. Government policy for the next year, then, would determine the price received.

Companies generally regard the risk as a good one. They point out that the agreement for the sale of wheat by Canada to Britain should more than take care, by July 31 next, of any wheat now held in storage.

Price For Export Bacon Is Reduced by Board

A cut of 70 cents per 100 lb. has been announced by the Bacon Board in the price of Wiltshire sides for export, effective Nov. 4, 1940. This makes the export price for No. 1 Wiltshire sides $17 per 100 lb., with reductions of 70 cents also applying to other grades, all f.o.b. seaboard.

It is not expected that this price reduction will materially affect the margin given to meat packers which is set by the Bacon Board, in so far as export sales are concerned. It is claimed that the price reduction had no relationship to the expiration of the bacon agreement with Great Britain on Oct. 31. No new agreement has yet been announced.

The Contribution from the West

Mr. Winston Churchill recently said in the House of Commons — "We shall do our best to encourage the building up of reserves of food all over the world so that there will always be held before the eyes of the people of Europe including — I say it deliberately — the German and Austrian peoples the certainty that the shattering of Nazi power will bring to them all immediate food, freedom and peace."

Our Prairie farmers, living up to Mr. Churchill's injunction, have produced a large quantity of wheat, considered to be the world's most valuable food. This wheat, moreover, is offered to Great Britain and to the whole world at a price which is definitely below the cost of production or which, in other words, returns to our farmers but a meagre standard of living. Our Prairie farmers, therefore, it would seem, have made a substantial contribution toward the Empire's war effort.

SEARLE GRAIN COMPANY LIMITED
WINNIPEG, REGINA, SASKATOON, EDMONTON,
CALGARY, FORT WILLIAM, VANCOUVER

Bawlf Grain Co. Sale Approved

Alberta Pacific Acquires Assets and Liabilities for $1 Million

From Our Own Correspondent

MONTREAL.—Sales of the assets of N. Bawlf Grain Co. has been approved by shareholders of the company for $1 million, with Alberta Pacific assuming liabilities, including mortgage of $205,000 on the Bawlf terminal elevator at Port Arthur.

There were 11,595 preference shares voted in approval of the sale while 157 voted against.

Offer to purchase the company's properties was first made by Alberta Pacific in April this year. A special meeting of shareholders was held May 30, but no action was taken because the company was unable to furnish title to certain assets in accordance with the terms of the offer.

Injunction Halts Sale

A second meeting was called for Oct. 25. This meeting was postponed to Nov. 7, when a temporary injunction to prohibit sale was served on officials of Bawlf Grain and Alberta Pacific.

The injunction was taken out by W. R. Bawlf, former president of the company, who contended that the financial position of the company was sound, and that it was not in the interest of shareholders that the sale be made at the offering price.

Mr. Bawlf stated that the balance sheet of the company at Aug. 31 showed total assets of $3.5 millions and liabilities to the public of $1.1 million, leaving net asset value of $2.5 millions.

Other Opposition Voiced

The injunction was dissolved Nov. 6, by Mr. Justice J. E. Adamson, who ruled that shareholders had seen details of the Bawlf Co. position and decision on sale was up to them.

Opposition to the plan was previously voiced by T. C. Jobin, Winnipeg broker.

N. Bawlf Grain Co. owns 130 country elevators and a terminal at Port Arthur. Acquisition of these facilities would give Alberta Pacific a terminal at the head of the lakes, as well as at Vancouver and 499 country terminals.

Preference Arrears Large

R. W. Milner, president of Bawlf, told shareholders in presenting the proposal for sale, that a succession of several large crop years would be required to restore the company to a satisfactory position. He stated that under existing conditions Bawlf properties could not be operated profitably as a separate unit.

The company had paid no dividend on the 6½% preference stock since Dec. 1, 1930, and arrears at Sept. 1 this year amounted to $63.37½ a share. There are 20,000 shares of $100 par value outstanding value, including 45 shares held by a subsidiary, Peaker Gibson Grain Co. Break-up of the $1 million would give stockholders $50 a share.

Company Reports

Western Canada Flour

Western Canada Flour Mills Co. reports earnings equal to $8.96 a share on the 6½% preferred stock for year ended July 31, 1940, compared with $2.10 in the previous year. Working capital at $725,162 is more than doubled, due primarily to substantial increases in accounts receivable and inventories. Bank loans secured are substantially higher, but loans of Purity Baking Co. (guaranteed by Western Canada) and shown as a contingent liability are substantially reduced.

During the year a general debenture for $3.5 millions was created and issued to the bankers as security for all present and future liabilities of the company. It is payable on demand, and the measure of the obligation of the company will continue to be the amount of its bank loans, interest thereon and the contingent liability of the company in respect to its guarantees and trade paper.

No dividends were paid during the year and arrears on the 6½% preferred stock totalled $43.50 at July 31, last.

Cons. Income and Surplus Account
Years Ended July 31

	1940 $	1939 $
Operating profit	*571,089	315,082
Less: Depreciation	129,424	131,647
Doubtful accts.	......	27,333
Bank interest	134,538	105,327
Prov. for taxes	91,000	......
Net profit	216,127	50,775
Add: Prev. surplus	82,173	146,398
Less: Spec. invest. res.	105,000	115,000
Surplus forward	193,300	82,173
*After deducting:		
Directors' fees	3,580	......
Legal fees	7,422	......
Remun. exec.	45,655	......
Earnings per Share:		
Preferred	$8.96	$2.10
Paid	nil	nil
Common	0.42	d0.79
Paid	nil	nil
Working Capital		
Current assets	3,106,892	2,340,137
Current liabilities	2,381,680	1,986,468
Working capital	725,162	353,669
Balance Sheet Changes		
Cash	7,348	47,093
Accts. receivable	1,220,795	822,706
Inventories	1,878,899	1,470,338
Deferred charges	75,954	45,389
Investments	983,626	803,682
Fixed assets, after deprec	3,077,257	3,348,132
Bank loans (sec.)	1,715,000	1,364,000
Accts. payable	564,354	622,468
Res. for taxes	102,326	......
Contingent liabs.:		
Guar'ty Purity Bak.	1,164,988	1,725,188
Paper under disct.	563,848	315,877

New Building

WAR PROJECTS

Recent contracts awarded by the Department of Munitions & Supply include the following large construction projects:

Army truck assembly building, London, Ont., $125,000.

Paving, R.C.A.F., Yarmouth, N.S., $110,000.

Water and sewer system, elementary flying training school, Summerside, P.E.I., $132,000.

Reported by Engineering & Contract Record:

Procter & Gamble Co. of Canada has awarded general contract for $70,000 warehouse in Hamilton, Ont.

T. Eaton Co. has awarded Anglin-Norcross Corp. general contract for $25,000 addition to warehouse in Montreal.

Hanson Theatres Corp., Toronto, has awarded general contract for erection of new theatre in Hamilton, Ont.

Dom. Dept. of Public Works has awarded general contract at $409,199 for construction of temporary office building No. 3 in Ottawa.

Page-Hersey Tubes Ltd. has let general contract for addition to its plant near Welland, Ont.

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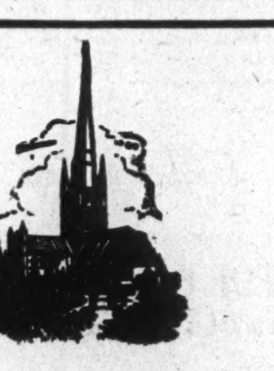
Vance C. Smith, Chief Agent Concourse Building, Toronto



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HEAD OFFICE FOR CANADA, TORONTO
COLIN E. SWORD, Manager for Canada
J. W. BINNIE, Associate Manager (Montreal)

Fire & Casualty Insurance

Auto Losses Trend Upward

Increasing Number of Accidents and Fatalities Cause Concern

Canadian automobile insurance men are watching with considerable concern the upward trend in automobile accidents. If these keep up at the present rate it is believed the loss ratio of automobile insurance companies will be considerably higher than last year.

Accurate figures are not available for Canada as a whole, but it is believed the upward tendency has prevailed right across the Dominion as well as in the United States.

Figures obtained from the Ontario Department of Highways may be taken as typical. They show the following changes:

Seven Months, January to July

	1940	1939	% Change Incr. + Decr. —
Total accidents	8,400	6,917	+21.4
Deaths	332	265	+25.2
Persons injured	6,786	5,686	+19.3
Property damage ..	$1,237,415	906,035	+36.6
Drivers registered.	875,647	841,153	+4.0
Vehicles registered.	683,881	658,020	+4.0
Nine Months, January to September			
Deaths	510	417	+22.3

Preliminary figures also show that accidents and fatalities increased more rapidly on the highways of the province than in the cities.

Contributing Reasons

A variety of reasons seem to be responsible for the rise in accidents:

General business for one thing has been a great deal more active. This means there are more cars and trucks on the road. The number of registrations as indicated in the above table is up 4%. So is the number of drivers. Many of the vehicles which were registered formerly are doing more mileage than they did. Travelling salesmen are covering more ground. Light delivery and heavy duty trucks, it is estimated, are making more trips. Gasoline consumption generally in the province is up 5.4% in the seven months. This all adds to the accident hazard.

Then some of the drivers are stated to be lacking in experience.

In some insurance quarters the feeling is that soldier drivers are responsible for a considerable part of the increase.

This conclusion is probably encouraged by the number of soldiers or airmen that have figured in newspaper stories of accidents on the highway. Special attention has been drawn to many of these accidents because of the deaths resulting.

Death Claims Expensive

From the insurance angle, the increase in deaths is important, as death claims where a motorist can be shown at fault are usually expensive. The same with injuries to the person except of course where the injury or death is sustained by a free passenger in an automobile in which case there is no legal claim for damages.

In many cases there will be no insurance on the cars involved in the accidents but in others there will be. Apart from the statistics quoted, no estimates can be made at this time on the insurance loss represented by the deaths or personal injuries.

They both usually run fairly high where there is insurance. When cases go to court juries have the reputation of assuming that because a man drives an automobile he must be fairly well to do and that the person injured in an accident should be recompensed generously. If there is insurance, this tendency is even more marked. Moreover, difficulty is found in assessing fairly the damage done in injuries to the person. A crooked individual injured in an auto accident can maintain that his back hurts or his nerves are bad long after he is really perfectly well. In such cases it is hard for doctors, judges or juries to know what the real situation is. They are apt to give the victim the benefit of the doubt.

Accordingly from the insurance standpoint, the trend of accidents in which injury is done to the person is of special importance.

Jobless Insurance Body Hopes to Start in Spring

From Our Own Correspondent

OTTAWA.—Operating in temporary quarters, the Unemployment Insurance Commission is striving to complete its organization as quickly as possible. But there is no expectation that the insurance scheme can be launched until next spring, probably around April 1, 1941.

Meantime an immense amount of detail and organization has to be done and an adequate staff has to be gathered together. Despite recent reports that the commission already has hired 4,000 persons, there are not more than a dozen or so people on the staff so far.

Between now and the day the Act comes into effect, regulations covering all the operations have to be drawn up. On this score every use is being made of British and United States texts and the work is not being rushed.

The commission is aware, at the same time, that in several States of the United States, the preliminary work was so rushed that the scheme was unable to function and had, later on, to be closed down and reorganized on a proper basis.

Employment Agencies

The commission will operate employment agencies at many points in the country. Negotiations are under way with the provinces to take over provincial employment offices now in operation.

The commission will have an office in every city in Canada with a population of 10,000 or more. A suitable organization will have to be created to cover the remote points where substantial numbers of working people live, such as Great Bear Lake, God's Lake and so on.

Panels for courts of referees must be drawn up; umpires and deputy umpires must be provided. Inspectors and other senior officials must be selected and appointed.

Scores of forms have to be drafted covering all the operations of the scheme — registration, applications, appeals and so on.

New Books . . .

How U. S. Keeps Its Books

THE FEDERAL FINANCIAL SYSTEM. By Daniel T. Selko. Published by the Brookings Institution, Washington. Price $3.50.

In the United States, where the law-making and the administrative phases of government are clearly separated under the Constitution, a most intricate system of financing and accounting has had to be set up for the federal Government. Mr. Selko makes an exhaustive and detailed study of the different elements in the system and adds some suggestions for its smoother operation.

The volume, written with the full authority that attaches to all Brookings publications, will prove most useful as a reference work, either on the subject at large or on particular phases of United States Government finance.

Workers' Welfare

The ECONOMIC WELFARE OF CANADIAN EMPLOYEES. A study of occupations, earnings, hours and other working conditions, 1913-1937. Published as Bulletin No. 4 by the Industrial Relations Section, School of Commerce & Administration, Queen's University, Kingston, Ont. 144 pages. Price $1.25.

INDUSTRIAL RECREATION. A monograph by Leonard J. Diehl and Floyd R. Eastwood. Sponsored by Division of Physical Education for Men and Personnel Service, Schools of Engineering and Science, Purdue University, Lafayette, Ind.

These two recent booklets by university specialists usefully throw the spotlight on how industrial workers on this continent have fared in recent years. The Queen's University survey deals mainly with the economic and social progress of Canadian workers in the past quarter century, but also embraces working conditions and employee welfare generally, beyond wage payments and working hours.

The Purdue study concerns a special phase of employer efforts to go beyond wages, working hours and conditions of labor to further employee welfare. The report shows that 38% of the companies surveyed had recreational programmes of some sort. It indicates they were found valuable for enhancing the physical alertness, contentment and leisure hours of employees; and in breeding a closer, more friendly relationship among employees, foremen and executives, thus making for better relations and more co-ordination in plant work.

While the study concerns recreational activities of U.S. firms only, Canadian activities along this line are very similar and the booklet should prove both interesting and useful to those concerned with this phase of employee welfare.

The purpose of the broader analysis by the Queen's University group is to determine in net, basic terms how the economic welfare of Canadian workers developed in the quarter century ended with 1937. Because of incomplete or inexact data for some phases of the survey, definite conclusions are avoided. But a wealth of material is collected and analyzed bearing on "real wages," hours of labor, working conditions, protective legislation, employer measures of employee welfare, unemployment and economic conditions generally.

It is pointed out that appraisal of workers' economic position depends only on wages, hours, and working conditions, but on such factors as speed or tension of work performance, job security, and relation of economic position to that of other community groups.

"The question of 'status' is one of satisfactions, and satisfactions are relative," comments the preface to the study.

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SUPERINTENDENT

Claude F. Dunfee has been appointed superintendent of eastern agencies of the Great West Life Assurance Co. Mr. Dunfee was formerly superintendent of Ontario agencies and manager of Toronto 1 branch. He will now give his full time to supervising the company's agencies in Ontario, Quebec and the Maritime provinces.

Life Insurance Notes

J. W. Miller, general manager for Canada of the Occidental Life Insurance Co., has been advanced to the newly-created position of division manager, where his duties will be largely supervisory. He has been succeeded as general manager in active charge by his son, W. Lockwood Miller, who for the past year has been assistant general manager and was acting manager when his father was ill last winter. J. W. Miller has been almost 26 years in the insurance business, joining the Western Mutual Life at Winnipeg in 1914. He was appointed general manager and when that company became part of the Occidental he was again made general manager.

* * *

H. A. H. Baker, assistant general manager and superintendent of agencies of the Great West Life Assurance Co., is making an inspection and educational tour of the company's larger branches in Canada and the United States. He is accompanied by L. A. Cannon, assistant actuary, D. Kilgour, inspector of agencies, and W. A. Johnston, editor of the Bulletin, the company's house organ.

* * *

Investigations by the Provident Mutual Life Insurance Co. into mortality on male white lives, insured with the company have shown positive correlations between the average amount of insurance per policy, and the height and weight of the insured.

At the meeting of the American Institute of Actuaries, B. Franklin Blair, actuary of the company, stated that the lowest average amounts of insurance were found among the short underweights, and the highest average amounts among the tall overweights. This was after adjustments for the effect of the variation in average amount with age at date of issue and dividing the data into groups according to height and weight. Each height group was found to show a definite relation between amount and weight and each weight group showed a definite positive relation between average amount and height.

No cause for these correlations was determined. It was felt they might be dependent on other causes such as income, race, or marital status.

The investigation also showed that the average height of young men was greater than that of all ages.

* * *

Letters patent have been issued by the Manitoba Government to incorporate Manitoba Mennonite Mutual Insurance Co. It is the intention to operate a mutual insurance company without capital stock.

Obituaries

William Hall, retired department manager of the T. Eaton Co., aged 87, at Toronto.

Edward James, pioneer member of the Winnipeg Grain Exchange and at one time manager of the Inter-Ocean Grain Co., aged 74, at Winnipeg.

E. L. Drewry, founder of Drewry's Ltd., brewers, Winnipeg, member of the Winnipeg Hospital Board, and formerly president Winnipeg Board of Trade and vice-president Canadian Manufacturers' Association, aged 89, at Winnipeg.

J. W. Barry, former investment broker of Toronto, aged 63, at Toronto.

David Stein, furniture manufacturer of Toronto, aged 70, at Toronto.

Life Insurance

Policy Clauses Under Study

Court Decision Emphasizes Need For Understanding Beneficiary Provisions

Unless some underwriter draws their attention specially to it, few life insurance policyholders are aware that any change in beneficiary must be made in a legal way if it is to be valid.

In a Montreal court decision, a certain man, Mr. A, had a policy in which his sister, Marie was named the beneficiary. The sister died and the policyholder changed the beneficiary in favor of a male friend B. Some years later A died. Eight persons related to him by blood sought to establish their right to the proceeds of the policy. Their plea was dismissed.

Their claim was based on the argument that A could not change the beneficiary in his policy without the consent of the first named beneficiary and that as she was dead when the change was made, she obviously could not have consented.

The court ruled that if the change of beneficiary were not legally made the insurance would fall to the heirs of the wife, Marie and if it were legally made, the plaintiffs would still have no right to the money.

That decision was based on the Quebec Civil Code which differs from the law covering beneficiaries in all the other Canadian provinces.

It, however, illustrates what may happen when a change in beneficiary is made.

According to the insurance act in force in provinces other than Quebec the beneficiary clauses might also be used to defraud a creditor, it is claimed by some authorities. The way it would work is this: A man takes out a policy on a child making the mother the beneficiary. He may then change the beneficiary from his wife to himself. He then retains control of the policy and the interest of the wife is eliminated. But the proceeds being payable to a preferred beneficiary are still immune from creditors. Thus a practice might be established contrary to the whole principle of the insurance act.

Appointed by Will

Then again the position of a beneficiary appointed by will is not always satisfactory. Cases in which such an appointment has proved to be ineffective are stated to have occurred when a will is declared invalid. In this situation the beneficiary named in the invalid will has no legal standing. The same thing happens when a beneficiary is named in a will made by a single person who later marries. The will becomes automatically inoperative and the beneficiary accordingly does not legally exist.

Another instance in which difficulty arises is when a father takes out a policy on his child making the proceeds payable to himself. If the father dies the policy then becomes part of his estate which prevents the mother doing anything with it until it has been dealt with either under the husband's will or by letters of administration. Some feel that in such cases the mother should be given certain rights in the policy.

The Association of Provincial Superintendents of Insurance has been studying the whole matter for some time and it is hoped that eventually a way will be found to clear it up.

Fire Insurance Notes

Directors of the National Retailers Mutual Insurance Co. have approved amalgamation of the company with its affiliate, the Glen Cove Mutual Insurance Co. of Glen Cove, New York. The name of the merged company will be National Retailers Mutual Insurance Co. It will succeed to all assets, policies and obligations of both companies. Combined assets will be in excess of $3.4 millions and surplus to policyholders will be in excess of $1 million, an official statement says.

National Retailers Mutual Insurance Co. with head office at Chicago was incorporated in 1922 and was licensed by the Dominion Department of Insurance in 1937. Vance C. Smith of Toronto is Canadian manager.

The company is licensed in Canada to write fire, automobile except public liability, and a number of lines of miscellaneous insurance.

* * *

Syllabus of the Winnipeg Insurance Institute just issued, states that lectures are being given this season in the Fire Course Part 2, and the Casualty Course Part 2.

Lectures started this week. Examinations will begin April 23. The papers will be set and marked by the Insurance Institute of America Inc., New York City, with which the Winnipeg Institute is affiliated.

Prizes are given at the end of each season to the graduating student who secures the highest three-year average.

Life Insurance Problems

War Clauses

I am 35 years of age and have $12,000 life insurance. Recently a friend of mine has been trying to sell me some more. I have always believed in life insurance and at this time could afford to buy a little more. But there is a probability that I may be joining the army for overseas service and, if I do, the war clause would mean that the new insurance would not give me any more protection. What would you suggest?

The problem is one which can be solved only by each individual who knows his own circumstances best.

There are some features, however, about the purchase of new insurance worth noting. For instance, you say if you go overseas new insurance gives you no additional protection. This is true if you don't pay the extra premium called for in the war clause and die from any cause overseas or within six months after returning to Canada. In that case your estate will receive all premiums you have paid in, plus interest at 3%. This provision gives your premiums the standing of a savings fund at a very fair rate of interest. But if you pay the extra premium called for in the war clause, you are protected to the full face value of the policy.

If, however, you return from overseas and live for six months after, the war clause then becomes ineffective. Your insurance policy is then worth its face value without any extra premium. It does not matter if your health has become impaired so that you would be unable to obtain new insurance; you have your policy at the premium rate for your present age, which is a good deal lower than the rate chargeable when the war is over, say, two or three years from now.

Carborundum Co. Adds to Plant

From Our Own Correspondent

MONTREAL.—Canadian Carborundum Co. has undertaken construction of four additional units at the Shawinigan Falls plant. Plans call for buildings to house four new furnaces to produce crude carborundum.

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DIVIDEND NOTICES

The Bank of Toronto

Dividend No. 237

Notice is hereby given that a **Dividend of Two and One-half per cent** upon the Paid-up Capital Stock of this bank has been declared for the current quarter, and the same will be payable at the bank and its branches on and after the second day of December next, to shareholders of record on November 15th, 1940.

By Order of the Board.

F. H. MARSH,
General Manager.

Banque Canadienne Nationale

Quarterly Dividend

NOTICE is hereby given that a dividend of two per cent (2%) (being at the rate of 8% per annum) has been declared by the Directors of the Banque Canadienne Nationale on the paid-up capital stock of the Bank for the quarter ending on the 30th day of November, 1940. This dividend, bearing the number 199, will be payable at the Main Office or at the branches of the Bank, on or after the first day of December, 1940, to the shareholders of record on November 15th.

By order of the Board,

CHARLES ST-PIERRE,
General Manager

Anglo-Canadian Telephone Company

CLASS A DIVIDEND NOTICE

Notice is hereby given that a dividend of one and one-half per cent (1½%) has been declared on the Class A Stock of the Company, payable December 2, 1940, to Stockholders of record at the close of business on November 15, 1940.

By Order of the Board.

GEOFFREY PURDY,
Secretary.

Montreal,
November 12, 1940.

Canadian Tube & Steel Products Limited

A dividend of THREE DOLLARS ($3.00) per share on the 7% Cumulative Preferred Stock of Canadian Tube & Steel Products Limited has been declared payable on the 16th day of December, 1940, to Shareholders of record at the close of business on the 7th day of December, 1940.

P. B. NASH,
Secretary.

Montreal, November 6th, 1940.

United Amusement Corporation Limited

Common Dividends Nos. A34 & B28

Notice is hereby given that a dividend of 40c per share has been declared on the outstanding Capital Stock of the Company for the period ended 31st day of October, 1940, payable on the 30th day of November, 1940, to shareholders of record, the 15th day of November, 1940.

By Order of the Board.

W. H. MANNARD,
Secretary-Treasurer.

CANADA BUD BREWERIES LIMITED

Dividend Notice

Notice is hereby given that a dividend of Twenty Cents (20c) per share on the 150,000 outstanding no par value common shares of Canada Bud Breweries Limited has been declared payable on the 12th day of December, 1940, to shareholders of record at the close of business on the 6th day of December, 1940.

By order of Board of Directors.

J. S. FITZGERALD,
Secretary-Treasurer.

Toronto,
November 6th, 1940.

Hollinger Consolidated Gold Mines Limited

Dividend Number 338

Extra Dividend Number 67

A regular dividend of 1%, and an extra dividend of 1%, making 2% in all, have been declared by the Directors on the Capital Stock of the Company, payable on the 2nd day of December, 1940, to shareholders of record at the close of business on the 18th day of November, 1940.

DATED the 9th day of November, 1940.

I. McIVOR,
Assistant-Treasurer.

Madsen Red Lake Gold Mines

LIMITED
(No Personal Liability)
Room 812, 67 Yonge Street, Toronto

DIVIDEND NO. 2

NOTICE IS HEREBY GIVEN that a dividend of 3 cents per share has been declared by the Directors of Madsen Red Lake Gold Mines Limited (No Personal Liability), payable in Canadian funds on December 15th, 1940, to shareholders of record December 1st, 1940.

By Order of the Board.

W. G. HUGHSON,
Secretary.

Toronto, November 8th, 1940.

The Consumers' Gas Company of Toronto

NOTICE of ANNUAL MEETING

The ANNUAL GENERAL MEETING OF THE SHAREHOLDERS of The Consumers' Gas Company of Toronto, to receive the report of the Directors, for the Election of Directors for the ensuing year and for the transaction of such other business as may properly be transacted at the meeting, will be held in the Company's Auditorium, 55 Adelaide St. East, Toronto, on MONDAY, the 18th DAY OF NOVEMBER, 1940, at 12 o'clock noon.

By Order of the Board,

EDWARD J. TUCKER,
Secretary.

Toronto, October 10th, 1940.

DIVIDEND NOTICES

The Bank of Nova Scotia

DIVIDEND No. 284

Notice is hereby given that a Dividend of three per cent on the paid-up Capital Stock of this Bank has been declared for the current quarter to shareholders of record of December 16th, and that the same will be payable on and after Thursday, the second day of January next, at any of the offices of the Bank in Canada.

By order of the Board.

H. F. PATTERSON,
General Manager.

Halifax, N.S., November 12th, 1940.

DIVIDEND NOTICE

English Electric Company of Canada, Limited

CLASS "A" SHARES

Notice is hereby given that the Board of Directors have declared a dividend of sixty-two and one-half cents (62½c) per share on the outstanding Class "A" shares of the Company, payable December 16th, 1940, to shareholders of record at the close of business on November 30th, 1940.

AUBREY MUNDY,
Secretary.

November 12th, 1940.

The Canadian Bank of Commerce

The annual meeting of the shareholders of this Bank, for the election of Directors and for other business, will be held at its banking house, No. 25 King Street West, Toronto, on Tuesday, the tenth day of December next.

The chair will be taken at 11 o'clock a.m.

By order of the Board,

A. E. ARSCOTT,
General Manager.

Toronto, 18th October, 1940.

Royalite Oil Company, Limited

NOTICE OF DIVIDEND NUMBER TWENTY-FIVE

NOTICE is hereby given that a regular Dividend of Fifty Cents per share has been declared payable to Shareholders of the Company of record as such, on the books of the Company, at the close of business on Friday, the 15th day of November, 1940, and that the said Dividend will be payable on or after Monday, the 2nd day of December, 1940.

The Register of Transfers will be closed from the close of business on Friday, the 15th day of November, 1940, until the opening of business on Monday, the 25th day of November, 1940.

By Order of the Board,

T. E. BURNS,
Secretary.

Calgary, Alberta,
12th November, 1940.

International Petroleum Company, Limited

Notice to Shareholders and the Holders of Share Warrants

NOTICE is hereby given that a semiannual dividend of 50c per share in Canadian Currency, has been declared, and that the same will be payable on or after the 2nd day of December, 1940, in respect to the shares specified in any Bearer Share Warrants of the Company of the 1929 issue upon presentation and delivery of coupons No. 54 at:—

THE ROYAL BANK OF CANADA,
King and Church Streets Branch,
Toronto, Canada.

The payment to Shareholders of record at the close of business on the 20th day of November, 1940, and whose shares are represented by registered Certificates of the 1929 issue, will be made by cheque, mailed from the offices of the Company on the 30th day of November, 1940.

The transfer books will be closed from the 21st day of November, to the 2nd day of December, 1940, inclusive, and no Bearer Share Warrants will be "split" during that period.

The Income Tax Act of the Dominion of Canada provides that a tax of 5 per cent shall be imposed and deducted at the source on all dividends payable by Canadian debtors to non-residents of Canada. The tax will be deducted from all dividend cheques mailed to non-resident shareholders and the Company's Bankers will deduct the tax when paying coupons to or for account of non-resident shareholders. Ownership Certificates must accompany all dividend coupons presented for payment by residents of Canada.

Shareholders resident in the United States are advised that a credit for the Canadian tax withheld at source is allowable against the tax shown on their United States Federal Income Tax return. In order to claim such credit the United States tax authorities require evidence of the deduction of said tax, for which purpose Ownership Certificates (Form No. 601) must be completed in duplicate and the Bank cashing the coupons will endorse both copies with a certificate relative to the deduction and payment of the tax and return one Certificate to the shareholder. If Forms No. 601 are not available at local United States banks, they can be secured from the Company's office or the Royal Bank of Canada, Toronto.

Under Canadian Foreign Exchange Control Regulations permission has been obtained for non-resident shareholders of Canada (other than residents of Continental Europe or of the French Empire and other than residents of enemy or enemy occupied territories) to convert this dividend at current Canadian Foreign Exchange Control Board rates into such foreign currencies as are permitted by the general Regulations of the Canadian Foreign Exchange Control Board. Such conversion can only be effected through an authorized dealer i.e. a Canadian branch of any Canadian Chartered Bank.

Shareholders residing in the United States may convert the amount of the current dividend into United States currency at the official Canadian Foreign Exchange Control rate by sending at their own risk and expense, coupons, or dividend cheques properly endorsed, to The Agency of The Royal Bank of Canada, 68 William Street, New York City, which will accept them for collection through an authorized dealer, or direct to any authorized dealer of the Canadian Foreign Exchange Control Board.

Shareholders residing in countries other than the United States may under Canadian Foreign Exchange Control Regulations convert the amount of the current dividend by sending at their own risk and expense, coupons, or dividend cheques properly endorsed, to The Royal Bank of Canada, King and Church Street Branch, Toronto, Canada, or to any other authorized dealer or to The Agency of The Royal Bank of Canada, 68 William Street, New York City, U.S.A., with a request for a draft in such foreign currency as is permitted in settlement of same, but they should first satisfy themselves that this action is not prohibited by the Foreign Exchange Control Regulations of the country in which they reside.

By order of the Board.

J. R. CLARKE,
Secretary.

56 Church Street, Toronto 2, Canada.
12th November, 1940.

The Dominion Bank

Notice is hereby given that the Annual General Meeting of the Shareholders will be held at the Head Office of the Bank in Toronto on Wednesday, the eleventh day of December, 1940, at the hour of 2.30 o'clock in the afternoon.

By Order of the Board.

ROBERT RAE,
General Manager.

Toronto, 24th October, 1940.

Banking

Bankers Ass'n Reflects War

Assets of Chartered Banks Rise Far Above Year Ago

Annual meeting of the Canadian Bankers Association in Toronto this week spotlights the changes that have occurred in the position of these institutions as a group during the first year of war.

As indicated in the following table, total assets are considerably higher due to expansion in loans, investments and cash held. Total deposits are also higher. But the gain is due entirely to a rise in demand deposits, savings deposits being lower than a year ago.

Millions of Dollars

	Sept. 30 1940	Change from 1939
Total assets	3,728	+123.7
Loans	1,139	+68.3
Loans outside	178.7	—20.9
Investments	1,363	+61.6
Cash in Canada	318	+39.2
Foreign curren. held	30	—3.7
Deposits in Canada	2,658	+203.2
Savings deposits	1,654	—37.1
Demand deposits	1,003	+240.3
Deposits outside	403	—86.7

The increase in loans reflecting more active business due to war orders and the large 1939 crop is not as great as some had anticipated earlier in the year. This appears to be due to some of the larger industrial concerns using their own money to finance larger inventories and payrolls, while the Dominion Government is financing many new plants and extensions. The increase in cash has been necessitated by the more active business requiring more till money and larger cash reserves.

Savings deposits have been reduced largely by depositors investing their money in the first and second war loans and the war savings certificates.

In common with other business institutions the banks have had their taxes on profits increased by the Excess Profits Tax substantially.

Bank staffs have seen considerable change in personnel during the year, owing to enlistments among the younger men. The general practice among the banks has been to give their men leave of absence and a month's pay. By this means a man enlisting in any of the defense forces is assured of a position on his return. In some cases where a married man enlists, arrangements are made to make up any difference there may be between the Government pay and the salary the man was receiving at time of enlistment.

The meeting in Toronto is the first in that city since 1937. The annual meeting of the association is always held either in Toronto or Montreal, wherever the association offices are located. These in turn are always in the home city of the president.

DIVIDEND NOTICES

IMPERIAL OIL LIMITED

Notice to Shareholders and the Holders of Share Warrants

NOTICE is hereby given that a semiannual dividend of twenty-five cents (25c) per share in Canadian currency has been declared and that the same will be payable on or after the 2nd day of December, 1940, in respect to the shares specified in any Bearer Share Warrants of the Company of the 1929 issue upon presentation and delivery of coupons No. 54 at:

The Royal Bank of Canada
King and Church Streets Branch,
Toronto, Canada.

The payment to shareholders of record at the close of business on the 15th day of November, 1940, and whose shares are represented by Registered Certificates of the 1929 issue, will be made by cheque, mailed from the offices of the Company on the 30th day of November, 1940.

The transfer books will be closed from the 16th day of November to the 30th day of November, 1940, inclusive, and no Bearer Share Warrants will be "split" during that period.

The Income Tax Act of the Dominion of Canada provides that a tax of 5% shall be imposed and deducted at the source on all dividends payable by Canadian debtors to non-residents of Canada. The tax will be deducted from all dividend cheques mailed to non-resident shareholders and the Company's Bankers will deduct the tax when paying coupons to or for account of non-resident shareholders. Ownership Certificates must accompany all dividend coupons presented for payment by residents of Canada.

Shareholders resident in the United States are advised that a credit for the Canadian tax withheld at source is allowable against the tax shown on their United States Federal Income Tax Return. In order to claim such credit the United States tax authorities require evidence of the deduction of said tax, for which purpose Ownership Certificates (Form No. 601) must be completed in duplicate and the Bank cashing the coupons will endorse both copies with a certificate relative to the deduction and payment of the tax and return one Certificate to the shareholder. If Forms No. 601 are not available at local United States banks, they can be secured from the Company's office or The Royal Bank of Canada, Toronto.

Under Canadian Foreign Exchange Control Regulations permission has been obtained for non-resident shareholders of Canada (other than residents of Continental Europe or of the French Empire and other than residents of enemy or enemy occupied territories) to convert this dividend at current Canadian Foreign Exchange Control Board rates into such foreign currencies as are permitted by the general Regulations of the Canadian Foreign Exchange Control Board. Such conversion can only be effected through an authorized dealer, i.e., a Canadian branch of any Canadian Chartered Bank.

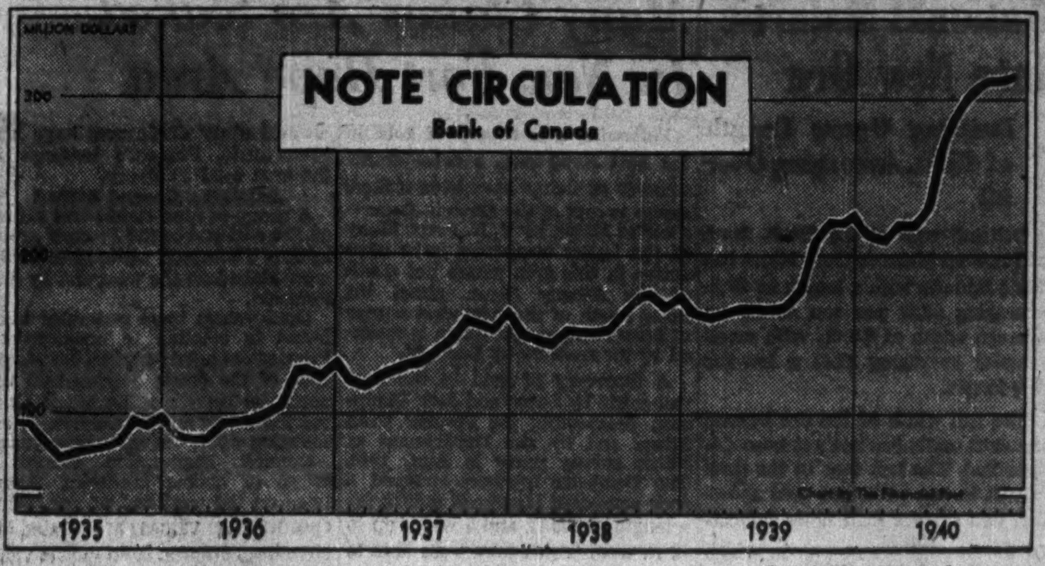
Shareholders residing in the United States may convert the amount of the current dividend into United States currency at the official Canadian Foreign Exchange Control rate by sending at their own risk and expense, coupons or dividend cheques properly endorsed, to the Agency of The Royal Bank of Canada, 68 William Street, New York City, which will accept them for collection through an authorized dealer, or direct to any authorized dealer of the Canadian Foreign Exchange Control Board.

Shareholders residing in countries other than the United States may under Canadian Foreign Exchange Control Regulations convert the amount of the current dividend by sending at their own risk and expense, coupons or dividend cheques properly endorsed, to The Royal Bank of Canada, King and Church Streets Branch, Toronto, Canada, or to any other authorized dealer or to the agency of The Royal Bank of Canada, 68 William Street, New York City, U.S.A., with a request for a draft in such foreign currency as is permitted in settlement of same but they should first satisfy themselves that this action is not prohibited by the Foreign Exchange Control Regulations of the country in which they reside.

By Order of the Board,

W. J. WHITLING,
Secretary.

56 Church Street,
Toronto 2, Canada,
November 12th, 1940.



NOTE CIRCULATION RISES— Advance of the note circulation of the Bank of Canada to record high levels in recent weeks, as shown in the chart, is attributable mainly to expanding business due to the war.

November usually sees the demand for cash at the highest point of the year with circulation up accordingly. But this year the gain has been greater than ever before.

Part of the increase over recent years is to replace chartered bank notes, circulation of which, according to legislation establishing the Bank of Canada, has been reduced 5% annually since 1935.

Foreign Business Down For Canadian Banks

Loans and Investments Outside Canada Are Lower Than Year Ago—Balances Due Foreign Banks Show Decrease

While business of the Canadian chartered banks in Canada it is estimated reflects expansion during the first year of war their business outside this area shows moderate contraction.

According to the return of the chartered banks to the Minister of Finance as at Sept. 30, loans made at branches outside Canada are lower as also is the amount of public securities of other countries held. Balances due from other banks outside Canada in the aggregate are also lower.

On the liability side, deposits are down about $86 millions while balances due to other banks have also declined. Details are shown in the following table:

Outside Canada

	September 30 1940 $	September 30 1939 $
Current lians	127,869,111	147,696,966
Call loans	50,906,928	52,063,655
Gold & subs. coin	4,063,538	5,684,311
Due by banks in U. K.	34,217,105	20,433,445
Due by other bks.	142,889,945	201,088,429
Public securities	55,896,553	90,333,886
Deposits	403,331,994	490,094,254
Due banks in U.K.	24,359,072	15,480,849
Due to other bks.	25,609,361	44,359,644

Six of the 10 chartered banks operate outside Canada.

These are the Montreal, Nova Scotia, Commerce, Royal, Dominion and Nationale. Barclays Bank (Canada) also has affiliates, of course, in various parts of the world.

The branches outside Canada of the six purely Canadian banks are distributed as follows:

Great Britain	8	Cuba	31
France	1	Brit. West Indies	37
Spain	1	Newfoundland	25
United States	12	Latin America	21

Operation of these branches outside the country is possible because no restriction is placed by the Bank Act on opening branches abroad. The close connection brought about between Canada and several countries by these branches has been of mutual benefit in trade and a source of profit to the banks themselves.

Foreign loans are about 15% and deposits about 15% of those in Canada.

It will be noticed that more than half of all the foreign branches are in the British West Indies and Latin America.

The conditions under which these banks are permitted to establish branches in other countries vary considerably. Great Britain being a great trading nation has long realized the value of foreign branches and has allowed considerable freedom in banking privileges to all comers in good standing.

New York and the other states of the United States have generally preferred to have foreign banks represented by agents not by branches. Agencies have been to a large extent restricted to making call loans against stocks and bonds and to dealings in foreign exchange.

Data are not available as to the areas in which the changes in the different items noted above have occurred. Trend of trade probably has had some effect, business probably increasing in those areas where our trade has increased and falling off where it has slackened.

Weekly Bank Clearings

	Nov. 7 1940 $	Change Year Ago %	Oct. 31 1940 $
Halifax	4,283,966	+28.1	2,745,375
Saint John	2,408,310	+16.9	1,703,124
Moncton	1,046,351	+17.4	909,827
Sherbrooke	898,699	—8.0	779,761
Quebec	5,939,664	—4.4	4,849,120
Montreal	112,641,973	+12.6	89,722,367
Ottawa	50,207,224	+51.3	52,055,630
Kingston	900,485	+38.4	579,677
Peterborough	728,514	+23.6	538,342
Toronto	162,581,547	+60.2	95,716,919
Hamilton	6,607,839	+14.5	6,216,837
Kitchener	1,354,139	+9.4	1,036,525
Brantford	1,074,527	+13.9	845,554
London	3,250,067	+22.1	2,217,227
Chatham	740,048	+7.2	538,362
Windsor	3,769,660	+41.3	3,057,338
Sarnia	523,161	+7.6	325,135
Sudbury	1,071,974	+7.4	1,195,528
Fort William	1,013,054	+24.6	875,289
Winnipeg	42,256,098	—22.9	40,697,653
Brandon	552,465	+25.3	408,106
Regina	5,702,785	—13.5	5,652,009
Moose Jaw	867,246	+13.3	662,166
Saskatoon	1,999,898	+2.1	1,793,726
Prince Albert	471,324	+1.9	408,119
Edmonton	5,161,186	+5.6	4,310,021
Calgary	7,105,930	+2.6	7,898,428
Medicine Hat	469,642	+40.8	326,934
N. W'minster	782,489	+20.9	......
Vancouver	20,830,799	+27.6	16,378,900
Victoria	2,030,947	+9.5	......

Staff Changes

The Royal Bank of Canada announces the following staff changes:

L. PEAKE, accountant, Sudbury, Ont., to be manager, Haileybury, Ont.

L. A. P. RODRIGUEZ, supervisor's department, Havana, Cuba, to be manager, Marianao, Cuba.

W. G. HURLEY, to be accountant, Brandon, Man.

K. D. JOHNSTON, assistant accountant, King & Spadina, Toronto, to be accountant, Yonge & College, Toronto.

K. P. McGREGOR, to be accountant, Niagara Falls, Ont.

C. AYEARST, manager, Haileybury, Ont., granted leave of absence while on military service.

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EXPERT and EXPERIENCED Engraving and Printing of Bank Notes Bonds Debentures Stock Certificates Cheques Drafts Postage and Revenue Stamps and other Monetary Documents

Protection against unlawful duplication of bank notes, bonds, stock certificates and other monetary documents is guaranteed by the very perfection with which we engrave and print them. The master steel engravers we employ achieve a perfection of detail and design that only equal genius could copy. To the defensive quality of their art is added Safety Paper made exclusively for this purpose. More than a century of experience has given us deep familiarity with commercial, as well as financial engraving needs. We are able to co-operate fully in the planning and execution of your requirements.

CANADIAN BANK NOTE COMPANY Limited

HEAD OFFICE and WORKS OTTAWA

BRANCH OFFICES TORONTO MONTREAL

Bank Chat

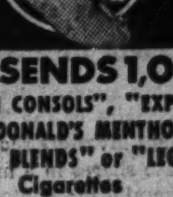
Although the Canadian banks had been inclined to treat the Bank of Canada with chilly politeness when it was organized in 1935, the general experience under its controlling influence had been satisfactory W. W. Duncan of the Dominion Bank, Toronto told the Sudbury Bankers Association. There was no doubt, he said, that it had contributed a wide influence to control credit throughout the country, he said. The gradual trend toward centralization in Canadian banking he described as one of the chief reasons for banking stability in this country during the recent depression.

Weekly Statement Bank of Canada

Expansion of $8.9 millions to $54 millions in reserves of sterling and United States exchange is shown in the statement of the Bank of Canada for the week ended Nov. 6 Investments of the bank also were $1.7 million higher at $581.2 millions. Total assets were up $9.3 millions.

Balance Sheet

	Nov. 6 1940 $	Oct. 30 1940 $
Liabilities		
Capital paid-up	5,000,000	5,000,000
Notes in circ.	335,913,799	332,823,458
Rest fund	2,449,756	2,449,756
Depos.: Dominion	59,743,774	61,066,691
Bank	221,720,170	218,177,553
Other	11,452,171	8,143,169
Total deposits	292,916,115	287,387,413
All other liabs.	7,410,736	6,866,025
Total liabs.	643,690,397	634,326,652
Assets		
Reserve:		
In sterl. & U. S.	54,032,937	45,132,937
Subsidiary coin	640,412	593,963
Advances to banks	....	1,000,000
Investments:		
Dom. Gov. short	437,262,848	438,348,957
Other Dom. Gov.	143,997,656	141,178,971
Total invest.	581,260,504	579,527,928
Premises	1,732,481	1,728,154
All other assets	6,024,063	6,343,670
	643,690,397	634,326,652



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Banking Service 1817-1940

BANK of NEW SOUTH WALES

Head Office: Sydney, Australia

General Manager: SIR ALFRED DAVIDSON, K.B.E.

Assets of £130 millions. Over 900 branches in Australia, New Zealand & Pacific Islands.

London Offices at 29 Threadneedle St., E.C.2. and at 47 Berkeley Square, W.1.

Agency arrangements with Banks throughout Canada.

Maple Leaf Milling Company Limited

(A Company incorporated under the Ontario Companies Act)
and its wholly owned Subsidiaries

CONSOLIDATED BALANCE SHEET as at 31st July, 1940

ASSETS

Current:		
Cash on hand and in banks		$ 41,970.79
Accounts and bills receivable less reserve for doubtful accounts		1,283,863.72
Inventories of merchandise and materials as determined and as certified by the management on the company's usual basis of valuation, namely: Hard wheat and hard wheat flour at not more than market value of wheat and cost of milling. Wheat and flour sold under contracts at cost which is less than contract price	$ 2,305,101.55	
Coarse grains, cereals, feeds, bags and other products and materials, at the lower of cost or market value, less special reserve	987,046.93	3,292,148.48
		$ 4,617,982.99
Sundry:		
Advances to controlled companies, less reserve	$ 67,306.35	
Deferred charges and other payments carried forward	73,968.94	
Inventories of repair parts and supplies less reserve	72,034.64	213,309.93
Investments:		
Shares of controlled companies (less amounts written off)	$ 1,750,160.11	
Other investments, mortgages, exchange seats and properties acquired, held for sale	211,592.03	1,961,752.14
Fixed:		
Real estate, plant and equipment at the depreciated replacement valuation as appraised by Canadian Appraisal Company Limited as of 15th June, 1929, plus additions at cost	$ 5,716,749.92	
Less reserve for depreciation	1,585,987.63	
	$ 4,130,762.29	
Trucks and automobiles at cost less depreciation	71,341.25	4,202,103.54
Leases, contracts, goodwill, etc.:		
Leases and contracts (less amounts written off)	$ 700,000.00	
Trade marks and goodwill	300,000.00	1,000,000.00
		$11,995,148.60

LIABILITIES

Current:		
Current bankers' advances (secured)		$ 2,143,550.65
Bills receivable under discount		352,149.13
Owing for purchases of grain, etc. (secured)		170,387.12
Accounts and wages payable and accrued charges		296,078.62
Taxes payable and accrued (including provision for estimated income and excess profits taxes)		435,609.30
Bond interest accrued		23,102.50
		$ 3,420,877.32
Deferred:		
Deferred bankers' advances (secured)		1,966,300.00
Bonds:		
First mortgage bonds due 1st December, 1958—3% interest to 1st December, 1943, 5½% thereafter	$ 5,000,000.00	
Deduct redemptions	379,500.00	
	$ 4,620,500.00	
Less purchased for sinking fund	115,500.00	4,505,000.00
Capital:		
Authorized:		
100,000 Class "A" participating preferred shares of no par value redeemable at $17.50 per share and entitled to a dividend of 70c per share per annum, cumulative from 1st December 1938 and unpaid.		
300,000 common shares of no par value.		
3 management shares of no par value.		
Issued:		
91,997 Class "A" shares at $14 per share	$ 1,287,958.00	
250,100 common shares at $1 per share	250,100.00	
3 management shares at $1 per share	3.00	
	$ 1,538,061.00	
Less stated value of shares held by subsidiary	20,459.80	1,517,601.20
Surplus:		
Balance including surplus arising from reduction of capital, less amounts written off assets, etc.		585,370.08
Contingent liabilities:		
(1) For possible additional taxes in respect of prior years.		
(2) Guarantee of quarterly dividends on preferred shares of Eastern Bakeries Limited to 15th January 1944, not exceeding $13,000 per annum.		
		$11,995,148.60

AUDITORS' REPORT TO THE SHAREHOLDERS

We have made an examination of the foregoing consolidated balance sheet of Maple Leaf Milling Company Limited and its subsidiaries as at 31st July, 1940 and of the accompanying consolidated statements of profit and loss and surplus for the year ending on that date. In connection therewith we examined or tested accounting records of the company and its subsidiaries. We also made a general review of the accounting methods and of the operating and income accounts for the year and made tests of the year's transactions.

We report that, subject to the values at which fixed assets and investments are stated and to the adequacy of the reserve for depreciation, in our opinion, based upon our examination, the foregoing consolidated balance sheet and related statements of profit and loss and surplus have been drawn up in accordance with accepted principles of accounting, so as to exhibit a true and correct view of the state of the companies' affairs as at 31st July, 1940 and of the results of their operations for the year, according to the best of our information and the explanations given us and as shown by the books of the companies. All our requirements as auditors have been complied with.

Toronto, Canada,
25th October, 1940.

CLARKSON, GORDON, DILWORTH & NASH,
Chartered Accountants.

Consolidated Surplus Account for the Year Ended 31st July, 1940

Balance 31st July, 1939		$ 448,949.77
Add:		
Net profit for the year	$ 317,220.40	
Discount on purchase of company's bonds for sinking fund	29,461.25	346,681.65
		$ 795,631.42
Deduct:		
Loss on disposal of fixed assets (including loss on sale of Peterborough mill and destruction by fire of Kenora mill)		210,261.34
Balance 31st July, 1940		$ 585,370.08

Week in Mining

Stockbrokers Endorse Full Data For Investors

Majority of Firms Support Better Business Bureau Move to Assure Full Disclosure of Facts to Prospective Share Purchasers

All but a few of the 30 or more stockbrokers so far replying to the questionnaire of the Toronto Better Business Bureau support the view that investors should have complete information when asked to purchase shares in a mining or other stock enterprise.

Several firms pointed out that the Toronto Stock Exchange requires full information on concerns whose stocks are listed for trading and that this is available to the public on request. But while it may be secured from the Exchange, the majority of investors are either ignorant of this or will not take the trouble to procure the data.

Then again, financial houses which enjoy the prestige of a seat on the Exchange are not required to give complete information to a client purchasing shares of an unlisted company; these sales are an important part of their business.

Most Not Listed

By far the majority of issues sold to the public in new mines, of course, are not listed on the Stock Exchange. Neither Ontario nor Dominion regulations require that a copy of the prospectus be given the client when purchase of shares is sought. The Ontario Securities Commission has the ower to force this if it wants to.

The buyer seldom sees a prospectus and, if he does, important information is often in very fine type and unread. Many so-called prospectuses give only a partial disclosure of facts. In some cases it is stated that certain information may be inspected at the company's office. Inspection of the information, however may involve considerable inconvenience.

In replying to the questionnaire one house found itself in a quandary. Quoting its letter:

> "We believe, on the one hand, that the individual is entitled to a full disclosure of facts, but, on the other hand, that if he receives it he will never buy any stocks."

Another firm, however, stated that a full disclosure of facts should always be made; that it was their experience that an honest disclure did not queer a sale.

* * *

Higher Gold Output

Canadian gold production is continuing its rise, according to figures issued by the Dominion Bureau of Statistics. In August, the last month for which complete statistics are available, output was at an all-time high, amounting to 466,223 ounces worth $17,949,585 with gold at $38.50 an ounce.

This represented an increase of 2.1% in quantity and value over the preceding record month when 456,626 ounces of gold worth $17,580,101 was produced.

* * *

Travelling Man

One of the most travelled mining men in this country is A. E. Kipps, consulting engineer for three enterprises with which Joseph Errington is associated. One of them, Manikuru Gold Fields, has given Mr. Kipps no less than 12 trips to British Guiana in the last two years.

Just back from British Guiana, Mr. Kipps will leave shortly for the Yellowknife area in the North West Territories where he is consulting engineer for Negus Mines, a producer. After taking a look at Negus Mr. Kipps will continue on to the property of Mercury Gold Mines, 160 miles northwest of the Yellowknife area, far from the usual routes of travel. With this done, Mr. Kipps will return once more to Toronto before the holidays and will begin preparations for a new trip to British Guiana.

* * *

Stock Trading

Trend of the gold mining and base metal markets in October is reviewed by the Toronto Stock Exchange. A total of 5,564,874 shares changed hands on the Exchange during the month, including industrials. Gold mining stocks are stated to have dominated trading for the period and to have carried the main strength.

Due largely to the junior producing issues, a number of which reached new high ground for the year, or longer at times, index of 20 representative golds registered a new high since May, touching 104.09 on Oct. 21. Senior producing gold mining issues listed on the exchange advanced $13 millions, while junior golds and base metal stocks were up $8 millions each.

* * *

A Noranda Success

Once more the engineers of Noranda Mines have shown their ability to bring new mines into development. Late last week news was released that a decision had been reached to place a 200-ton mill on the property of Empresa Minera de Nicaragua. This company owns the Moon gold mine in Nicaragua and is controlled by Noranda through its subsidiary Compania Minera La India.

Noranda has now successfully developed a large number of mines. Its gold mining enterprises comprise: Hallnor Mines, Pamour Porcupine Mines, Aunor Gold Mines, Compania Minera La India and Empresa Minera de Nicaragua. In the base metal field the company also controls Waite Amulet Mines. Noranada in addition holds minority shareholdings in a great many other enterprises.

Wright-Hargreaves Pays Can. Funds

Reversing its policy of recent years, directors of Wright-Hargreaves have commenced payment of dividends in Canadian funds rather than in United States funds. This was deemed advisable "due to foreign exchange and tax conditions."

In declaring new dividends, the company is paying amounts so shareholders will still receive substantially the same amount as they would ordinarily at this time of year. A dividend of 11.1 cents a share Canadian funds and an extra of 5.55 cents a share have been declared, both payable Jan. 2, 1941 to shareholders of record Nov. 20, 1940. In addition an interim dividend of 11.1 cents a share has been declared payable Jan. 20, 1941 to shareholders of record Dec. 2, 1940.

For the convenience of stockholders resident in the United States, arrangements have been completed to convert proceeds of dividends into U.S. dollars at the present 9.91% discount rate of the Foreign Exchange Control Board by sending cheques through their usual banking channels on or before Jan. 31, 1941, for dividend No. 67, and on or before Feb. 20, 1941, in the case of the interim dividend, to the Bank of Nova Scotia, New York Agency, 49 Wall St., New York. Cheques of U.S. shareholders may also be converted into U.S. funds at any chartered bank in Canada at the official rate.

Envelopes for every purpose
Barber-Ellis of Canada, Limited
TORONTO - BRANTFORD
BRANCHES FROM COAST TO COAST

National Malartic Into New Ore

Drifting Opens Length of 45 Ft. Averaging Over $8

Drifting west at the 350-ft. level of National Malartic Gold Mines has come into ore with a length of 45 ft. averaging $8.29 per ton across an average width of 5.8 ft., with muck samples averaging $7.40 a ton for this length.

The full width of the ore beyond the drift walls has not yet been determined. The last face in the drift is still in ore with free gold showing, two surface drill holes indicated the present ore section in which drifting is now proceeding. Drill hole No. 23 ran $8.04 over 14 ft. and hole No. 24 went $4.20 for 10.5 ft.

Crosscut Shows 12 ft.

A crosscut put out to the north at the east end of this section ran $7.18 for 12 ft. on the east wall.

At a point 40 ft. farther to east, a crosscut has shown a width of 37 ft. with muck samples running $4.62 for the first 31 ft. Other assay results are not yet available.

Another exploratory crosscut was put out south from the west drift at this point showing 25 ft. of lower values.

Work on the east ore body has linked up ore sections by 20 ft. of drifting which returned an average of $9.31 per ton and a cut value of $4.42 per ton across a drift width of 6.9 ft.

Work at the 750-ft. level of Sladen workings is not yet into National ground, it is stated. No details are yet available but it is reported that new development plans are likely to be revealed in the course of the next week or two.

Many Claims Are Staked In New Fort Hope Area

Following a discovery of gold in the Fort Hope area, a considerable number of claims have been staked, says a report of the Ontario Department of Mines, by V. K. Prest. Many of the larger companies have been active in this area which lies north of the Albany River, about 100 miles north of the northeast corner of Lake Nipigon and which is reached by air from Sioux Lookout.

A discovery of gold in the area was made by Lorne and Jack Dempster, prospecting for Pioneer Gold Mines and by the Department of Mines survey party in Aug., 1940. The Dempster brothers stripped a zone composed largely of quartz for a length of 300 ft. and a width up to 12 ft. from which they were able to pan gossan over the entire length.

Several other disclosures have also been made. Pioneer's holdings in the area total 36 claims.

Adjoining Ground Staked

A group of nine claims was staked on the east end of the Pioneer group by Roy Thompson while nine claims were staked on the west end by Bill Pauloski.

Gold values have generally been found in relation to arsenopyrite. Prospectors have searched the region west of the creek flowing into the northeast corner of Lornjack Lake but there was no arsenopyrite in association with the quartz veins there.

Connell Exploration staked a group of claims bordering Frond Lake on the west last winter. Some encouraging values are stated to have been secured from quartz veins in highly fractured iron formation and neighboring brittle slatey rocks. Drilling was completed in the spring and surface exploration continued until the end of September.

Dome Stakes Claims

During September four claims were also staked by Dome Mines. These claims cover a rusty zone along a crook northeast of the east end of Reserve Lake. Gold was discovered but it is considered that the values will likely be quite local, the report states.

South of the southwestern end of Opikeigan Lake, a group of claims is held by Rich Lake Patricia Syndicate on which work has been carried on for several years. In one place the veins carry tin-bearing scheelite as well as gold.

Dome Mines carried out work on claims held west of the Fort Hope area last year while Coin Lake has conducted surface work on claims south of Wottam Lake.

Senator Draws All Ore From Mine Workings

All ore for milling by Senator Rouyn at the leased mill of Arntfield Gold Mines is now being drawn from the Senator workings, Haras Corp., financial sponsors of Senator, report. Treatment of dump of ore ceased on Nov. 2 when stopes were sufficiently well prepared on the 375 and 500-ft. levels to meet all milling requirements at 275 tons daily.

Production for the initial period of milling from Oct. 15 to Nov. 3 is stated to have been particularly good. Ore shipments totalled 6,011 tons taken equally from the mine workings and the surface dump. Of this amount 5,271 tons assaying $11.31 tons a day were milled for a bullion recovery of $41,384 or an average of $7.85 a ton before allowance for absorption by a clean plant.

Raising from the 375 to the 250-ft. horizon has been resumed to open a new level at 250 ft.

Plant and mill construction are stated to be up to schedule.

Pershing Twp. Active As New Strike Made

Interest in the gold possibilities of Pershing twp., Quebec, have been greatly stimulated following a new discovery of gold by Fred Thompson, discoverer of the Thompson-Lundmark mine and other well-known properties. The new discovery is on a property adjoining a group of Consolidated Mining and Smelting Co., where work has been going on for some time.

Consolidated Smelters has given out no details on its results but results apparently have been giving encouragement as the company has continued work with a gang of men although most of its other exploration activities outside of the Yellowknife area have been curtailed.

Little work has been done on the Fred Thompson property beyond the original discovery. There is now snow on the ground which will make further work slower.

The discovery consists of a quartz vein stripped for a length of 45 ft. showing a width of 16 to 18 inches with a grade of an ounce gold per ton. Both ends of the vein disappear under overburden so that information on the length of the showing has not yet been obtained.

Following Mr. Thompson's discovery, a deal on his property was closed by Charles Hedwall, Jr., representing two large mining groups whose names have not been revealed. The deal calls for the formation of a company—one of the few to be formed in Quebec in recent months.

Plans for further exploration have not yet been announced but it will likely take the form of more surface exploration to disclose the full extent of the vein followed by diamond drilling to get some idea of what the vein looks like at depth. If results stand up, the new interests are stated to be ready to finance any development required.

Mining Company Reports

International Nickel

Earnings of International Nickel Co. edged narrowly higher in the three months ended Sept. 30, 1940, with net profit of $8,364,811 equal to 54 cents a share after preferred dividends compared with $8,240,179 or 53 cents a share the preceding quarter and 57 cents a share in the third quarter of 1939.

For the first nine months of 1940, earnings were slightly lower at $1.71 a share compared with $1.72 a share in the first nine months of last year. Figures in each case are in United States funds, after all charges.

In the tax provision for the third quarter there are included the additional taxes on earnings arising from tax legislation enacted subsequent to the close of the second quarter. Provision for income and franchise taxes in the first nine months amounted to $15,621,733 or $1.07 a share contrasted with $7,411,450 or 51 cents a share in the first nine months of 1939.

The consolidated balance sheet as at Sept. 30, 1940, shows current assets of $95,055,604 of which $36,078,341 was cash and $14,642,241 in time deposits and treasury bills, compared with $90,268,749 as at June 30, 1940. After allowing for current liabilities, working capital was $69,797,836 as at Sept. 30, 1940, compared with $64,684,607 on Sept. 30, 1939.

Earned surplus account, after exchange adjustment, amounted to $71,958,125 as at Sept. 30, 1940, compared with $71,365,604 three months earlier and $70,861,908 at the end of 1939.

Income and Surplus Account
Nine Months Ended Sept. 30

	1940 $	1939 $
Earns. from opers.	50,691,098	42,748,966
Less: Admin. & gen. exp.	1,275,696	1,278,307
Net oper. profit	49,415,402	41,470,659
Add: Other income	366,700	325,149
	49,782,102	41,795,808
Less: Depr. & depl.	5,582,456	5,425,539
Inc. & franch. tax.	15,621,733	7,411,450
Retire. sys., etc.	2,152,809	2,374,013
Net profit	26,425,104	26,584,806
Less: Pref. divds.	1,450,425	1,450,425
Com. dividends	21,867,253	21,867,253
Surp. for period	3,107,426	3,267,128
Add: Prev. surp.	71,293,217	72,259,896
Less: Exch. adjust.*	2,442,518	2,517,634
Surplus forward	71,958,125	73,009,390

*In suspense.

Earnings Per Share and Dividend Record:

	1940	1939
Com.: Earned	$1.71	$1.72
Paid	1.50	1.50

Working Capital

	1940	1939
Current assets	95,055,604	80,281,340
Current liabilities	25,257,768	15,596,733
Working capital	69,797,836	64,684,607

Pato Consolidated

With earnings rising to 22.3 cents a share in the year ended April 30, 1940 compared with 13.6 cents a share the previous year, Pato Consolidated Gold Dredging last year experienced its most successful operating period. The company operates in Colombia.

To set the new earnings record of last year, the company handled a new peak of 16,667,000 cubic yards of gravel from which 76,072 ounces of gold were recovered and sold for $2,859,904 in Canadian funds. In the previous year, the company handled 14,935,000 cubic yards, with 58,882 oz. of gold recovered worth $2,060,887.

Gravel reserves at April 30, 1940, showed 320,390,000 cubic yards of closely drilled and fully developed ground averaging 15.8 cents a cubic yard and 252,515,000 yards of partially developed gravel averaging 13.5 cents a yard. A year previous, reserves were 286,507,000 yards developed averaging 14.9 cents a yard and 270,266,000 yards partly developed averaging 13.2 cents a yard. Total costs in the 1940 year are given at 9.964 cents a cubic yard.

A total of five dredges was operated throughout last year and 969,000 cubic yards were handled hydraulically.

Income and Surplus Account
Years Ended April 30

	1940 $	1939, $
Dredge oper. acct.	1,646,027	1,135,344
Less: Admin. exps.	20,000	20,000
Directors' fees	30,000	30,000
Audit, etc.	2,462	3,020
Col. income tax	158,372	74,110
Gold real. charges	151,531	112,534
Tax on funds export	14,722	7,330
Royalties	36,531	23,527
Int. & exch.	33,151	11,121
Operating profit	1,199,258	853,702
Less: Depreciation	429,558	381,683
Depletion	56,167	35,796
Net profit	713,533	436,223
Less: Dividends	640,000	......
Surplus for year	73,533	436,223
Add: Prev. surplus	954,543	502,616
General res. trans.	......	40,704
Less: Adjustments	3,060	25,000
Surplus forward	1,025,016	954,543

Earnings Per Share and Dividend Record:

	1940	1939
Earned	$0.223	$0.136
Paid	0.20	nil

Working Capital

	1940	1939
Current assets	1,471,563	1,023,875
Current liabilities	970,004	812,138
Working capital	501,559	211,737

O'Brien Gold Mines

Due to treatment of an average grade of ore conforming more closely to the average grade of ore in reserves, production and profits of O'Brien Gold Mines showed a considerable decline in the year ended Sept. 30, 1940.

Earnings were equal to 10.1 cents a share compared with 15.6 cents the previous year. Dividend distributions were 10 cents, half the previous year's total.

Bullion production for the 1940 period amounted to $1,098,754 from 67,861 tons of ore milled for an average recovery of $16.19 per ton. In the previous year, value of output was $1,330,517 with 57,851 tons of ore put through the mill.

Ore reserves at Oct. 1, 1940, totalled 192,262 tons averaging 0.361 oz. per ton. At the end of the previous year there were 159,291 tons averaging 0.37 oz. per ton.

Plans are stated to be well advanced for a new internal shaft, No. 4. Actual sinking to open up ground from 2,000 to 2,500 ft. depth will be under way by Jan., 1941.

The company re-established its exploration department during the year.

Income and Surplus Account
Years Ended Sept. 30

	1940 $	1939 $
Bullion production	1,098,754	1,330,517
Less: Oper. exps.	491,402	472,855
Marketing	12,848	16,512
Leg. & dir. fees, etc.	44,713	46,347
Operating profit	549,791	794,803
Add: Other income	19,698	20,190
Total net income	569,489	814,993
Less: Depreciation	76,556	73,672
Development w/o	57,325	162,008
Exploration	16,424	......
Taxes	92,500	73,000
Net profit	326,684	506,313
Less: Dividends	325,000	650,000
Surplus for year	1,684	*143,687
Add: Prev. surplus	1,151,070	1,293,070
Profit on invests.	......	1,687
Surplus forward	1,152,754	1,151,070

*Deficit.

Earnings Per Share and Dividend Record:

	1940	1939
Earned	$0.101	$0.156
Paid	0.10	0.20

Working Capital

	1940	1939
Current assets	859,781	1,087,358
Current liabilities	139,781	463,505
Working capital	720,000	623,853

Commodities

Commodity markets in the United States, following the election there, showed general advances. Main factor in the rise was the belief that American national defense spending would be accelerated.

In some cases such as rubber, belief that the number of ships trading to the Orient might be reduced was also an influence. Cotton derived some of its strength from increased activity in the textile markets and heavier exports.

Cattle prices on the Canadian markets were higher under continued exports to the United States. Hogs were slightly easier, in consequence of a lower price for bacon for export quoted by the Bacon Board.

Three of the weekly spot indices were higher and one lower. Dow Jones futures index was higher.

	Latest week	Previous week	Same week last yr.
Cattle	$8.50	$8.40	$7.50
Hogs	11.50	12.00	11.75
Copper, lb.	.12	.12	.13
Cotton, lb.	.1012	.0983	.0995
Rubber, lb.	.2110	.2050	.0260
Sugar, raw, lb.	.0290	.0288	.03
Silk, lb.	2.61½	2.62	3.35½
Wheat, Man. (bu.)	.71⅝	.70⅞	.70⅝
Coffee, lb.	.05⅛	.05⅛	.05¼
Hides	.14½	.14½	.14
Weekly Indices			
Canada (D.B.S.)	83.6	83.5	79.0
Do., Wood, Gundy	67.1	66.7	66.5
U. S. Labor	78.5	78.6	79.3
Dow Jones (future)	57.16	55.14	55.78
Fishers'	83.7	83.3	83.9
Monthly Indices			
Canada (D.B.S.):			
Retail (Sept.)*	106.4	105.9	100.8
W'sale (Sept.)	83.1	82.7	78.4
U. S. (Sept.)	78.0	77.4	79.1
Gt. Brit. (June)	134.8	133.7	98.1

Note: The base of indices is that 1926 equals 100. The British index is Board of Trade converted to 1930 base. *Base 1935-39=100.

Base of price quotations is as follows: Cattle — Steers, good, over 1,050 lb., top price, Toronto. Copper-electrolytic, New York. Silk—Crack db., 13-15 New York. Sugar — 96 degrees centrifugal c/f New York. Wheat—No. 1 Man. North, Ft. W.-Pt. A. basis. Hides—No. 1 packer light.

Week in Oils

Importing Oil

From Our Own Correspondent

CALGARY. — Concrete evidence that western Canada oil wells have not yet caught up with the demand for crude oil from prairie provinces is contained in information released by the Alberta Petroleum Association. Imports of Montana crude in September were equal to 445,514 barrels, or about half the September production in Turner Valley.

With the present need for conserving Canadian resources of United States dollars, this situation emphasizes the importance of a further speeding up of the Turner drilling programme. The September imports from the United States represented an increase of 101,600 barrels over the same month in the previous year. This in part may be attributed to larger requirements caused by harvesting a greater wheat crop this year.

Besides the cost in foreign exchange, it is estimated that the cost of using United States crude works out at 24 cents a barrel to the refinery.

* * *

North Well Large

Yielding 512 barrels of crude in six hours on official Conservation Board test, Alberta Oil Incomes No. 2 well—in far northern Turner Valley—is stated to be likely to secure a potential of around 1,000 barrels a day from appearances. This would give the well the second largest allowable in the Turner Valley field.

At the end of last week six new Turner wells were being prepared for Conservation Board test or had just completed testing. With the completion of testing of these wells it was thought that as much as 3,000 barrels daily may be added to the crude production from the Turner Valley field. Besides these wells, there were five more drilling in the limestone whose completion is expected shortly. The new completions are Alberta Oil Incomes No. 2, Okalta No. 9, Twin Valley, Arrow No. 2 and Northwest-Hudson Bay No. 4. The new wells nearing completion are: Home No. 1 and No. 5, Allied-Royalite, Foothills No. 5 and Pacific Pete No. 4.

Mining Dividends

	Rate	Close Nov. 11	Yield %
Anglo-Huronian	10c	2.06	..
Beattie Gold	16c+2c	1.20	*15
Bralorne	80c+40c	10.75	*11.2
Broulan Porc.	3c	.87	..
Buffalo Ankerite	‡31c	5.10	..
Bulolo Gold	$3	15.50	19.2
Can. Malartic	8c	.60	..
Cariboo Gold	16c+6c	2.15	*10.2
Central Patricia	16c+7c	2.08	*11
Chesterville	†5c	1.43	..
Cochenour Willans	†3c	.80	..
Coniagas	‡25c	1.25	..
Coniaurum	16c+2c	1.53	*11.8
Cons. Smelters	$1+$1	44.00	*4.5
Delnite	‡6c	.75	..
Dome Mines	$2	27.50	7.3
East Malartic	30c	3.40	8.8
God's Lake	2½c	.45½	..
Gold Belt	†2c	.22	..
Gunnar Gold	6‡	.40	..
Hallnor	60c	5.60	10.7
Hard Rock	‡10c	1.15	..
Hedley Mascot	‡8c	.47	..
Hollinger	65c+45c	13.50	*8.1
Howey Gold	‡2c	.30	..
Hudson Bay	$1.75	28.50	6.2
Inter. Nickel, com.	$2	38.75	5.2
Island Mountain	15c	.90	..
Kerr Addison	‡10c	3.55	..
Kerr Lake	‡5c	.20	..
Kirkland Lake	10c+2c	1.10	*10.9
Kootenay Belle	‡12c	.27	..
Lamaque Gold	40c+10c	5.25	*9.5
Lake Shore	$2	23.50	8.5
Leitch	8c	.53	15.1
Little Long Lac	30c	2.35	12.8
Macassa	32c	3.96	8.1
Madsen R. Lake	6c	.70	..
McGillivray Coal	3c	.25	..
McKenzie Red L.	12c+2c	1.36	*10.3
McWatters	10c	.29	..
Moneta	12c	.59	20.3
McIntyre Porc.	$2.05½+1■	53.25	*5.6
MacLeod-Cockshutt	‡20c	2.70	..
Nipissing	15c	1.30	..
Noranda	$4	59.75	6.7
North Empire	‡40c	6.50	..
O'Brien Gold	‡10c	.85	..
Pamour Porc.	12c	1.36	8.8
Pato Cons.	20c	2.10	..
Paymaster	2c	.29	..
Perron Gold	16c+4c	1.99	*10
Pioneer, B.C.	40c	2.44	16.3
Pickle Crow	40c	3.25	12.4
Placer Develop.	$1.20	10.00	12
Premier	12c	.94¾	12.7
Preston E. Dome	20c	3.30	..
Privateer Mine	‡16c+2c	.60	..
Powell Rouyn	20c	1.18	..
Quebec Gold	‡2c	.20	..
Relief Arlington	‡5c	.03½	..
San Antonio	14c+6c	2.60	*7.7
Sheep Creek	16c+3c	.94	*20.2
Sherritt Gordon	10c	.96	..
Sigma Mines	‡45c	7.45	..
Silbak Premier	16c	.60	26.6
Siscoe	‡11½c	.56	..
Sturgeon River	†2c	.20	..
Sudbury Basin	2½c	1.60	..
Sullivan Cons.	‡9c	.62	..
Surf Inlet	†1½c	.10	..
Sylvanite Gold	20c+10c	2.87	*10.5
Teck-Hughes	40c+5c	3.25	*13.4
Toburn	8c+8c	1.50	*10.7
Upper Canada	‡6c	1.49	..
Ventures	15c	3.25	..
Waite Amulet	†10c	4.20	..
Wendigo	†3c	.28	..
Wright-Harg.	40c+30c	7.05	*9.9

*Yield including bonus. †Initial.
‡Paid or payable in 1940 to date.
■An extra dividend of $1.11 declared payable Jan. 2, 19

Many Abitibi Schemes Aired At Hearing

Commission Seeks Plans From Receiver and Liquidator

Both court officials looking after Abitibi interests have been asked by the Royal Commission now sitting on the company's affairs to prepare plans of reorganization.

G. T. Clarkson, receiver and manager, was first invited to give his ideas of what a practicable reorganization might be. In connection with this, Mr. Justice McTague commented that special Ontario legislation might be used to get around possible ticklish details of any plan submitted.

Mr. Clarkson mentioned that: "If the bondholders are willing to accept less than their legal rights, then there are suggestions which can be made, but if they insist on getting full title now, then the junior security holders can only get what they are prepared to give."

Later, R. S. McPherson, liquidator for Abitibi, was also invited to give his ideas as to what an effective reorganization plan might be.

Many Schemes Aired

In addition to these plans which have been officially asked, there have been plenty of other suggestions presented. For example, E. B. Kernaghan presented the plan advocated by International Service Co. and which was reviewed recently in The Financial Post. A feature of this scheme was that it would involve subdividing the present Abitibi set-up into a power company, a newsprint company and a fine paper company. Mr. Clarkson mentioned in his evidence that divorcing Abitibi power plants from the newsprint interests would not be in the best interests of the company.

Mr. Kernaghan indicated that he had submitted his plan to H. J. Symington, chairman of the Bondholders' Protective Committee.

The scheme brought forward by A. E. Osler & Co., also reviewed recently in The Financial Post, was introduced to the Commission. Gordon Taylor, partner in A. E. Osler & Co., stressed the danger of inflation in urging prompt action, suggesting that bondholders might eventually be paid off in inflated dollars if they did not get possession of the assets.

New Plans Presented

A new entrant in the Abitibi race was W. D. Ross, of the Toronto Investment firm of Batten, Ross & Co. He would give bondholders $1,000 new 5% first mortgage bonds, $450 in 5% cumulative income bonds and 14.5 shares of common stock for each $1,000 bonds.

Chief feature of his plan was the provision whereby annual yearly net profits be set aside out of a sinking fund for benefit of bondholders.

W. C. Lamont, Toronto investment dealer, introduced a scheme giving bondholders 50% of their claim in first mortgage bonds and the balance in 5% income debentures. Class A shares of $100 par value would be issued to cover arrears of interest, Class B shares would go to preferred shareholders and common shareholders.

Distribution of Shares

Mr. McPherson informed the Commission that about 725 creditors had claims of about $750,000 against the company. Fifteen of these claims amount to $603,000.

He also said that most of the 189 owners of 7% preferred lived in Canada. Of the 3,931 holding 6%, 3,261 lived in Canada or Great Britain, 630 in the United States, 31 in Europe and 9 in other countries. Of the 5,685 common stock holders, 4,436 lived in Canada or Great Britain, 1,179 in the United States, 87 in Europe and 11 in other countries.

Mr. Clarkson referred to possibility that the benefit now recurring to Canadian newsprint mills from the premium on the United States dollars might not continue indefinitely. E. G. McMillan, counsel for Mr. McPherson, agreed that the exchange factor is one which must be taken into account in any reorganization plan.

Mr. Clarkson was definite in his opinion that the Espanola plant would never be operated again as a newsprint mill. He felt that anyone taking over the properties now would get rid of the Sturgeon Falls and Espanola plants and save carrying charges.

Coverdale and Colpitts, engineers who had submitted a report on Abitibi in 1937, estimate sustained average earning power of $5.9 millions, allowing $1.6 millions for depreciation, but not including interest. This estimate was based on sales volume of 520,000 tons of newsprint at $50 per ton, and 65,000 tons of bleached and unbleached sulphite at $65 a ton. They gave a replacement value of Abitibi properties at $73.8 millions, subject to depreciation.

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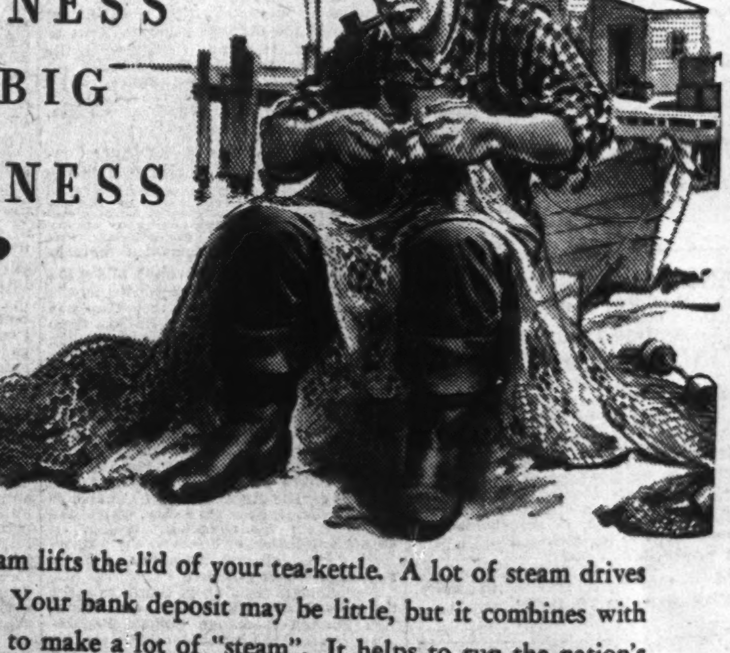

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THE CHARTERED BANKS OF CANADA

Canadians Work Placer Project

Manikuru Goldfields Works Out Extraction Of Gold From Gravels In British Guiana

By GORDON M. GRANT
Staff Writer, The Financial Post

IN SOUTHERN WILDS

While the wilds of British Guiana contain placer deposits that rival in richness the extensively worked deposits of the western part of South America and the Yukon, until recently modern equipment had proved of little avail in wresting these riches from nature.

Canadians, however, have invaded this field and believe that the problems presented by the British Guiana placer gravels have been satisfactorily solved. An operating unit of a new type, such as that pictured above, is already in operation, and plans for a second unit are under way. How this unique equipment operates is described in an accompanying report.

On the northeast coast of South America, down in British Guiana, and in the other Guianas, too, for that matter, rich placer gold deposits have been known to exist for years. Since the early days when the most accessible gravels were worked by hand, however, little gold has been recovered. Now Canadians have devised a new method for securing these riches.

Two chief reasons have made gold recovery a problem by modern methods. First of all, a blue clay or "gumbo" associated with the gold-bearing gravels proved so sticky that standard dredges could not cope with it effectively. Then, too, big dredges placed in operation were unwieldy and unable to make a good recovery. Panning gold by hand gave better results.

About two years ago, possibilities of these extensive placer gravels were brought to the attention of the Hogarth-Errington interests in Toronto. The position was reviewed and it was thought that some method could be worked out whereby the gold could be recovered commercially. A concession extending 25 miles from the mouth of the Arakaka River, a tributary of the big Barima, was secured and a company called Manikuru Goldfields was formed—named after the district in northwestern British Guiana in which the properties are located. After a year of experimenting under A. E. Kipps, the company's consulting engineer, it was decided a recovery unit should be installed.

Develop "Mobile" Unit

Small mobile units rather than large dredges were desirable, experiments had shown, so a small unit of a radically new design was arranged and installed. For the digging part of the operation, a dragline was secured to overcome stickiness of the clay. The dragline delivers material to a floating gold recovery plant designed by Mr. Kipps. This recovery plant emulsifies the clay by high water pressure and a rapidly vibrating screen. A different type of screening was found desirable and it was shown that jigs are much more effective than the usual riffles as the next step in the recovery of the gold. After the jigs have done their job, an amalgamation unit does its work, using the principle of the affinity of mercury for gold. After mercury has absorbed the gold, it is retorted off and the gold remains.

The first dragline and gold recovery plant came into operation about two months ago. It is still regarded as a pilot operation. Difficulties usual to an entirely new type of operation have been encountered and these are still gradually being overcome. Recovery is apparently completely satisfactory, however, as tailings show no trace of gold on panning while panning of material from the jigs shows plentiful gold, it is stated. The first unit is operating on a small creek near the mouth of the Arakaka River. The dragline digs a pool from the shore in which the gold recovery plant is allowed to float.

Under ordinary conditions, it is anticipated the gold recovery plant can handle 1,000 cubic yards daily. As the dragline has been operating 50% of the time on stripping surface overburden and only half on production, the operating rate has been not more than half capacity of the gold recovery plant. Arrangements have now been made for additional draglines, however, which are expected to result in full utilization of the recovery plant. Consideration is also being given to installation of a second complete operating unit. Eventually it is planned to have as many as seven units in operation.

Values Range To $10

Sampling of the company's holdings has returned values of from $1 to $10 a cubic yard with a general recovery of $2 a cubic yard stated to be possible. To be conservative, however, actual estimates have been based on a recovery of only $1 a cubic yard. Operating costs are not expected to run over 20 cents a cubic yard which is fairly close to the usual cost of other dredging operations. In actual practice, the management expects recovery to vary fairly widely.

Large Reserves Indicated

Gravel reserves appear to be the least of the company's worries. With units spaced a mile apart, it is estimated that it would take a unit 10 years to reach the section where the next unit started operation. The company's 25-mile concession comprises about 50,000 acres in all. In many respects the territory is entirely virgin. Mr. Kipps in 12 trips has covered seven miles at one end of the concession and two miles at the other end but he has not covered the intervening area and he doubts if anyone else ever has.

Fuel for the steam plant is supplied by hardwood which is plentiful. There is reported to be no danger of a shortage of this type of fuel even with seven units in operation.

Making Adjustments

At the present time work is proceeding to get remaining kinks in operations ironed out. Another month will likely elapse before a decent percentage of operating time is secured. For one thing getting an efficient force of labor broken in has proved a problem. Negroes have been slow to learn but once they grasp something, they can be depended on to remember it, Mr. Kipps finds.

Placing the first unit in operation was delayed by a drought which slowed up deliveries of equipment along with the war. The first unit would have been in operation last January if things had gone through as planned. The dry spell was the first in this section for 14 years and it is not considered likely that it will be repeated in the near future. However, it gave an excellent chance for further sampling and the company knows much more about its placer deposits than would have otherwise been the case. The gold-bearing flats are up to seven miles in width, with about 50% of the gravel beds exposed. Overburden on the remainder ranges 10 to 20 ft. in depth.

Placer plants are operated like gold mines on the basis of 24 hours a day. The first operating unit was started right at the mouth of the Arakaka River, but was later moved to the small creek near the mouth. The dragline operates from shore, pulling toward the bank. Digging can be done both above and below water.

Besides an additional dragline some other equipment is also being taken in to facilitate operations. With results from the first operating unit, difficulties can be allowed for in construction of the second unit on which a decision is expected shortly.

From the financing viewpoint, Manikuru is unusual. Canadian gold mines usually are capitalized at three million shares, but Manikuru has an authorized capital of only 200,000 shares, $1 par, of which 150,000 have been issued. The shares have been subscribed privately and details of financing arrangements are not available. A few shares have changed hands recently on the Toronto unlisted market around $4. Ample funds are said to be available for installation of other units when required.

Directors of the company are: D. M. Hogarth, president, Joseph Errington, vice-president, A. E. Kipps, consulting engineer, Col. G. G. Blackstock, secretary-treasurer, and A. W. Carr. Manager at the property is T. MacNabb.

Relief in Newfoundland Shows Marked Drop

Number of persons on relief in Newfoundland in September showed a marked decline. There were 20,162 individuals on relief, including 9,706 employables and 10,456 unemployable. This total compares with 35,934 at the same time last year. Total cost of relief for the month decreased to $43,724 from $73,391 in Sept., 1939.

Mining Concentrates

Berens River Mines production was practically unchanged in October from the preceding month:

1940:	Tons milled	Tons daily	Recov. per ton	Total recov.
October ..	7,080	228	$14.38	$101,847
September	6,972	232	14.59	101,746

* * *

Chesterville Larder Lake Gold Mining Co. has assurance that its "D" ore body extends further east at the 200ft. level from two diamond drill holes put out east of the crosscut. While it was not believed that this ore body extended beyond the crosscut on the 200-ft. horizon, the two holes recently completed have added an additional 170 ft., it is stated. One hole gave 12 ft. averaging 0.25 oz., 120 ft. east of the crosscut, while the second ran 0.286 oz. over 9 ft. at 170 ft. east. Crosscutting to the Kerr-Addison No. 19 ore body is being carried out at the third and fourth levels.

* * *

Cariboo Gold Quartz Mining Co. production in October was lower than in the preceding month when $5,120 was recovered from a ball mill clean-up:

1940:	Tons milled	Tons daily	Recov. per ton	Total recov.
October ..	10,131	327	$13.96	$141,449
September	9,235	308	16.44	151,805

* * *

Dome Mines produced a slightly greater value of gold in October:

1940:	Tons milled	Tons daily	Recov. per ton	Total recov.
October ..	52,900	1,706	$12.51	$662,100
September	51,700	1,723	12.75	659,210

* * *

Edgecreek Gold Mines (1936) is stated to have granted an option on its property in the Beattie-Munro area to Transcontinental Resources subject to ratification by Edgecreek shareholders at a meeting to be called not later than Dec. 15. The Edgecreek property is situated adjacent to the property of White Guyatt Mining Co. now being developed under option by Wright-Hargreaves.

* * *

Francoeur Gold Mines showed an increase in production in October:

1940:	Tons milled	Tons daily	Recov. per ton	Total recov.
October ..	6,348	205	$7.01	$45,525
September	5,590	186	7.87	43,975

* * *

Golden Gate Mining Co. production came closer to normal in October after a sharp drop in September:

1940:	Tons milled	Tons daily	Recov. per ton	Total recov.
October ..	2,356	76	$10.27	$24,186
September	2,045	68	7.65	15,639

* * *

Gunnar Gold Mines production showed a slight increase in October:

1940:	Tons milled	Tons daily	Recov. per ton	Total recov.
October ..	4,564	147	$12.64	$57,703
September	4,453	148	12.44	56,388

* * *

Hollinger Consolidated has declared its regular four-weekly dividend of 5 cents a share plus an extra of 5 cents a share, both payable Dec. 2, 1940 to shareholders of record Nov. 18.

* * *

Halcrow Swayze Mines reports total current assets of $2,692 including $1,600 cash as at Aug. 31, 1940 as against current liabilities of $600. All the company's 3 million shares are issued but 180,500 are held in trust for the company. No activity is being carried on at present with officals awaiting better financing conditions. Properties comprise claims in the Opeepeesway and Porcupine areas, 250,000 shares of Briscoe Bryce Mines and an interest in Chuck Mining Syndicate with property in Denyes twp.

* * *

Morris Kirkland Gold Mines increased value of its output in October:

1940:	Tons milled	Tons daily	Recov. per ton	Total recov.
October ..	3,895	126	$4.44	$17,300
September	3,574	119	4.51	16,135

* * *

Madsen Red Lake Gold Mines has declared a dividend of 3 cents a share payable Dec. 15 to shareholders of record Dec. 1. An initial dividend of the same amount was paid June 25.

* * *

Nipissing Mines has declared a dividend of 15 cents a share payable Dec. 11, to share holders of record Nov. 15. A similar payment was made on Dec. 11 last year.

* * *

Naybob Gold Mines has indicated two new ore bodies on its 300-ft. level, it is stated. Diamond drilling has established an entirely new structure from the No. 311 west drift with four holes giving ore values for a length of 75 ft. Testing to the south of the same drift also returned ore values.

* * *

Silkbak-Premier Mines had record smelter returns of $133,279 in October with 15,054 tons milled during the month. Operating profit before depreciation and depletion was $48,302. In September net smelter returns were $117,490 with operating profit of $38,961. The larger than normal output and profit in October are stated to be due to an unusually large plus adjustment from the previous month's shipments.

* * *

Sylvanite Gold Mines has advised the Montreal Curb Market that in future the company's fiscal year will end on Dec. 31. The current fiscal year will be one of nine months, namely from April 1 to Dec. 31, 1940.

* * *

Spud Valley Gold Mines increased its output considerably in October:

1940:	Tons milled	Tons daily	Recov. per ton	Total recov.
October ..	2,609	84	$28.98	$62,560
September	2,287	76	24.51	56,172

* * *

Sigma Mines recorded a slight decrease in production last month:

1940:	Tons milled	Tons daily	Recov. per ton	Total recov.
October ..	23,744	766	$8.02	$190,463
September	23,454	782	8.20	192,475

* * *

Teck-Hughes Gold Mines has declared its quarterly dividend of 10 cents a share payable Jan. 1 to shareholders of record Dec. 6.

* * *

Wendigo Gold Mines had a slightly lower output in October:

1940:	Tons milled	Tons daily	Recov. per ton	Total recov.
October ..	3,212	104	$11.73	$37,680
September	3,164	106	12.31	39,300

To Diamond Drill Mercury Gold

Following a programme of surface exploration including the putting down of a large number of trenches, arrangements have now been completed to carry out diamond drilling on the property of Mercury Gold Mines located about 160 miles northwest of Yellowknife in the Northwest Territories.

A diamond drilling rig and a mining plant are already on their way to the property and it is expected that work will be speeded up. Bulk sampling is stated to have given encouraging values. Nine veins have been located with lengths running up to 4,500 ft. Regular channel sampling has indicated one length of 100 ft. which averages $30 a ton over a mining width, but little regular sampling has so far been completed.

Beattie Quarter A New Record

Profit Before Write-offs Up Over 50% From Preceding Quarter

A sharp increase in production and profits was shown by Beattie Gold Mines in the three months ended Sept. 30, 1940. Operating profit for the quarter was a new record of $370,612 after all charges except depreciation compared with $248,572 in the preceding three months and $231,860 in the same period of the previous year.

The higher profits for the quarter were practically entirely due to the higher value of output as there was little change in costs except for taxes which were double the figure for the Sept., 1939, quarter.

Output Increases

Output value in the Sept., 1940, quarter, was $769,292 from 157,660 tons of ore milled for an average recovery of $4.88 a ton. This compared with the output of $646,354 from 157,960 tons of ore in the preceding quarter when recovery averaged $4.09 a ton. In the three months ended Sept. 30, 1939, output was $595,736 from 154,415 tons of ore, an average of $3.86 a ton.

Development, operating and other current expenses have shown little change from quarter to quarter, recently. In the three months ended Sept. 30, 1940, they totalled $345,336 compared with $343,528 the preceding three months and $337,557 in the September quarter last year.

Capital expenditures totalled $15,987 in the three months ended Sept. 30, 1940 compared with $25,166 the preceding quarter and $20,397 the September quarter last year.

Sherritt Reports Higher Profit

Diamond Drilling Reveals Downward Continuation of West Ore

With slightly lower operating costs and a smaller allowance for taxes, profits of Sherritt Gordon Mines increased to $209,521 in the three months ended Sept. 30, 1940, compared with $204,914 in the previous quarter. Figures in each case are before write-offs.

Highlights of third quarter operations were results from diamond drilling. The general manager, Eldon L. Brown, summarizes these results as follows: "results below the 6th level in the west end of the West Mine were particularly encouraging Ore has been intersected at a vertical depth of over 800 ft."

Winze Completed

The winze has been completed to a depth of approximately 190 ft. vertically below the 8th level horizon. Raising of the main shaft is to be started without delay.

No deposits of economic importance have been outlined by exploration of the holdings north of Granville Lake. A detailed geological survey was made and several promising areas were diamond drilled.

During the September quarter, the company milled 153,510 tons of ore compared with 159,889 tons the preceding quarter. A substantial tonnage of ore came from the East Mine. There was a better grade of mill feed and a reduction in development expenditures in the September quarter, it is stated. Precious metal content of the mill feed was higher due to the ore from the East Mine.

Noranda Profits Lower This Year

Slightly lower profits were realized by Noranda Mines in the first nine months of 1940 compared with the corresponding period of 1939. Estimated net profit of $7,454,930 for 1940 was equal to $3.33 a share compared with $3.60 for 1939.

Earnings for the third quarter of this year were equal to $1.02 a share compared with $1.04 a share in the preceding quarter.

Reasons for Decline

Lower earnings in 1940 may be attributed to two chief causes: Smaller production due to treatment of concentrates from Waite Amulet Mines, a subsidiary; and increase in taxes from $1,400,000 to $2,210,000. An increase in miscellaneous income from $1,307,267 to $1,799,985 was not great enough to offset these two factors.

Recovery for the first nine months—less custom ore—totalled $13,405,657 against $13,879,135 for last year. Operating costs were down almost $200,000 at $5,132,712. Depreciation was up $3,000 at $408,000.

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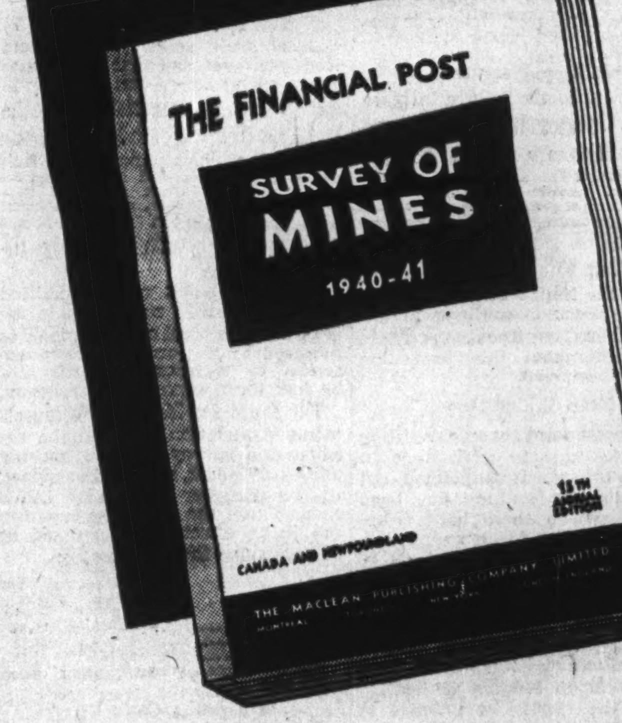

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Youth Trainee Surplus Slows War Labor Plan

Failure to Place Many Turned Out By Industrial Schools May Block Expansion of Scheme to Meet Labor Shortage

From Our Own Correspondent

OTTAWA.—Failure to place several thousands of young men and women trained since last June for war industry, about 25% of those put through the Youth Training Programme, is imperilling the expansion of the scheme. It is abating the enthusiasm of some of the provincial governments, and without the co-operation of the provinces, the entire scheme of youth training would have to be recast.

In an endeavor to solve these difficulties the Department of Labor is launching, in co-operation with the Ontario Government, a direct canvass of employers in industry, to discover:

How many recruits for industry will be required in the coming year.

What types of work they will be required to do.

Whether or not employers will agree to take on young people from other parts of Canada on recommendation of the training authorities.

Some Not Absorbed

In Ontario and most other provinces the bulk of the trainees have been absorbed into industry by cooperating employers, either for regular work or for further training. A number of firms have had their own apprenticeship systems in operation for some years, and others have developed such training since start of the war.

In British Columbia, Alberta and Quebec, it is reported, the trainees were not fully absorbed, and the resultant surplus threatens to brake down the future momentum of the training scheme. While the majority of employers were ready to co-operate, it is said, some would not or could not co-operate in taking on the youth training graduates.

In some cases the employer was in need of skilled men rather than semi-skilled or apprentice workers, and was not sure he would need more skilled workers by the time he could finish training the youth scheme products. In other cases, he did not need any workers and foresaw no need in the future, preferring to depend on such skilled and experienced men as were available when required.

Thus the failure of the Government to get a proper perspective on the problem of labor and war early in the game is now producing further difficulties. It is now forcing Ottawa to make a special effort to enlist co-operation from certain employers who, perhaps not made aware of the problem, feel they have no present or future need for youth trainees.

Between June and October, some 10,000 people were entered for industrial training in 64 schools operated by the Department of Labor. Of these, 1,400 either quit or failed to pass the tests. Another 400 were enlisted men and have returned to their units. Six hundred were enrolled for refresher courses and were not looking for jobs.

Promised Jobs

One thousand women are included in the total. They are mostly in the early twenties and they were taken in because they thought they had definite promises from employers that if they would train, a job would be waiting for them. But not all of these employers were able to make good their promises, it is asserted, and the women are still jobless.

Of the eight thousand who were turned out of these schools and were available for employment, a little over 6,000 have been placed. The balance are chiefly in British Columbia, Alberta and Quebec. The Labor Department is ready to pay their fares to any point in Canada where work is certain, But it cannot incur the expense as a speculation and employers shrink from committing themselves to employ people they have not seen or do not need at the moment.

Serious Weakness

This weakness in training for war industry is regarded as serious. To meet the needs of expanding industry all our man power will be needed. But as industry is not distributed across the country as evenly as population, it will be necessary to shift people to where the demand for labor exists.

The advantages of training young people in their home localities and shifting them afterward, are obvious. Any change would involve the establishment of new schools, and payment of living expenses during training.

The moment the school year closed last June, the training programme was thrown into high gear.

All the technical schools and technical training facilities of the provincial and municipal authorities, were pressed into service because it was realized that with the reopening of schools this fall, the number of youths who would be trained by Ottawa would be drastically reduced.

Thus, including soldiers and those in refresher courses, 9,000 were trained in the three summer months, or at the rate of 36,000 per year. Hon. Norman McLarty has since said that 26,000 men and women will be trained this year and it is understood he refers to the year June, 1940-41.

In fact, this 26,000 estimate is much too high. Seventeen thousand would be a more probable figure—which shows the importance of the summer months in the existing training scheme. And 6,000 of these would be for the Air Force, not for industry.

Need Employers' Help

But owing to the failure to place all the trainees some provinces and municipalities are becoming lukewarm toward the scheme. Thus the degree of trainee placement now will profoundly affect youth training for war industry in the immediate future.

Two other points arise.

Under the Youth Training Act of 1939, this work is confined to unemployed or necessitous cases. There is a feeling that this restriction should be removed.

Need Skilled Men

The second point concerns existing bottlenecks, due to a shortage in skilled workers. It is pointed out that practically nothing has been done to relieve these bottlenecks. One solution lies in an apprenticeship system of training and a number of the larger industrial firms — such as the railways, Westinghouse, Ford, General Motors, etc.—have maintained such a system. Otherwise, employers have depended upon bidding for skilled men in the market—a practice to which Ottawa has now called a halt—though in recent months many employers have taken on youth training graduates.

The young people now being trained are regarded as first rate apprenticeship material. But it will take a year or more to raise them to the level of skilled workers and their training can only be obtained by working alongside skilled men. Ottawa sees no hope of solving this problem unless industry recognizes it and takes steps to train men under some form of apprenticeship.

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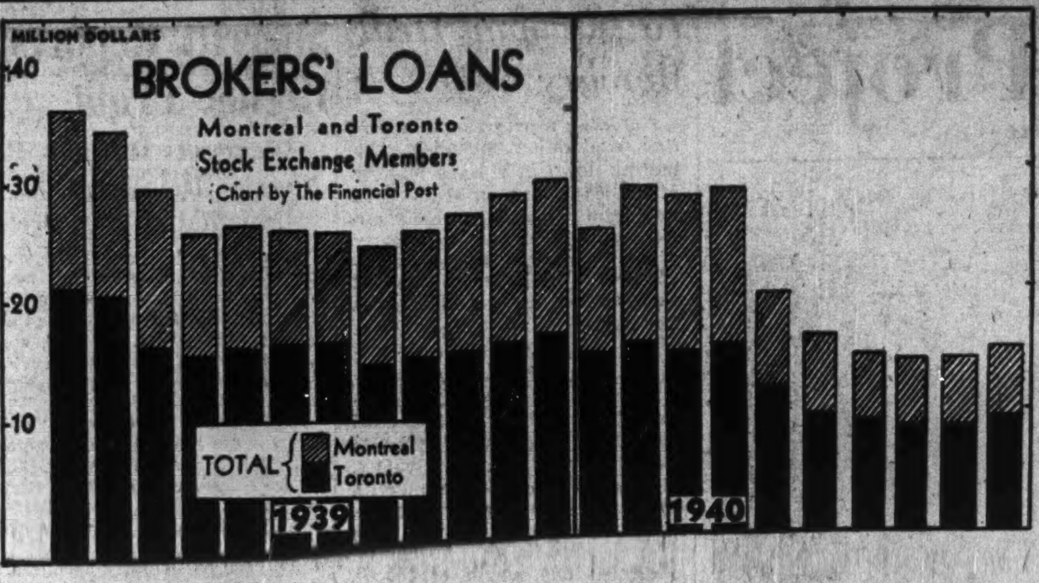


LOANS TURN UP

For the first time since April, collateral borrowings of members of the Montreal and Toronto stock exchanges have turned up slightly. Most of the $1.2 million rise in October took place at Toronto. Brokers' loans, representing chiefly stocks carried on margin for clients, are approximately half the volume of a year ago. This fact still emphasizes the well-liquidated condition of the market.

Pressure Being Applied To Limit Rent Control

Protest Develops Against Rent Peg in Places Like Windsor and Vancouver, and to Hinted Extension to Similar Centres

Inclusion of such centres as Windsor and Vancouver in the Government rent control order, and hints of its extension to similar centres, has brought out considerable protest from property owning and realty investment interests.

Chief points cited in the objections are:

1. That there is no military activity, industrial concentrations or evidence of excessive rents in such centres, or at least not sufficient to justify freezing of rents.

2. That average rent levels in these places make it difficult to get an adequate, economic return on net investment, and should be left free to find a natural rather than arbitrary peg.

3. That widening rent control to take in such centres achieves political objectives, in that it has a popular appeal for large numbers of tenants, rather than being based on an economic or war emergency reasons.

Windsor Protest

Pegging of rents in Windsor is unjustified and should be cancelled, it was strongly urged on Mr. Justice W. M. Martin, Rentals Administrator, at hearings in that city recently.

In contrast with appeal sittings in other centres covered by the rent control order, the Windsor hearings brought out an emphatic general protest against inclusion of the city in the order. Elsewhere the Rentals Administrator got individual complaints from tenants and landlords, but in Windsor the demand for rescinding of the rent freezing order was backed by an imposing group of mortgage, insurance and other realty investment concerns.

Urgent submissions were made in behalf of the Dominion Mortgage & Investments Association, Windsor Real Estate Board, London Life Insurance Co., Canada Trust Co., Huron & Erie Mortgage Corp., Guaranty Trust Co., Canada Permanent Mortgage Corp., and a number of individual and estate owners of realty.

No Need for Control

It was contended that rents in Windsor were below a sound and economic level, and that rental control in such an area was contrary to the principles enunciated by the Wartime Prices & Trade Board and applied to various commodities. Evidence was presented to show that rent increases since start of war have been moderate, and that even with the increases, rents do not yield a fair return to realty investors.

Detailed figures were submitted to show that if rents are to be pegged at the level of Jan. 1, 1940, as required by the order, the average return to Windsor landlords will be less than when the war began.

The Dominion Mortgage & Investments Association reported the results of a survey of 3,375 housing units in Windsor, managed or owned by its member companies. This showed that the aggregate monthly rentals in effect had fluctuated as follows since the war started:

	Aggreg. rents $	Aver. per property $
Sept. 1, 1939	90,535	26.82
Jan. 2, 1940	90,339	26.76
*Oct. 1, 1940	93,112	27.58

*Before effect of rent pegging order, made Oct. 1.

Operating Costs Up

This indicates that the average rental rate in Windsor had risen only 72 cents per month or less than 3 per cent since the outbreak of war. A large part of the increase shown at Oct. 1, it was said, had been eaten up by increases in operating costs and local taxes have gone up 2½ mills or 6.25%.

T. D'Arcy Leonard, general counsel for the Association, filed details of rentals, taxes, operating expenses, and net earnings on a cross section of Windsor properties. Net earnings were shown as a percentage of replacement value less depreciation. In a great majority of cases, said Mr. Leonard, such net earnings show a yield that would not attract investors, and are below economic levels.

The averages show a yield of 4.2% before and 2.13% after depreciation, without allowing for losses for vacancies and uncollected rents, or for management expenses.

John B. Aylesworth, K.C., of Windsor, appearing for a group of insurance, trust and mortgage companies, contended that Windsor rents had lagged behind the recovery of payrolls, employment and industrial production to 1929 levels. Mr. Aylesworth spoke in behalf of the London Life Insurance Co., Huron & Erie Mortgage Corp. and Canada Trust Co., and the Toronto General Trusts Corp.

During the depression, said Mr. Aylesworth, rents in Windsor fell to a much lower level than in most other centres of Canada. He outlined in considerable detail how such factors as the ebb of industry during the depression, the commuter situation, forfeit of properties for tax arrears, and low rentals, for relief tenants, had worked to depress Windsor rentals to exceptionally low levels.

Slow Recovery

He also tabled graphs comparing apartment and general rentals in Windsor with statistics showing industrial payrolls, average wages, cost of living and wholesale prices. These showed, he contended, a precipitous drop in rent levels from 1929 to 1933 with a moderate recovery of only about one third up to early in 1939. Average rents in Windsor did not give Windsor landlords even a reasonable return, much less justifying a charge of profiteering, he argued.

Both Mr. Aylsworth and Mr. Leonard asserted that clamping rent control on Windsor would restrict both new building and building operations to maintain properties. This would lead to curtailment of building activity and employment and a drop in the quality of housing, it was insisted.

Competition Best Control

Competition, especially from new building, was the fairest and most desirable way to control rentals, Mr. Leonard submitted. He pointed out that even before rent control there had been limited residential building in Windsor because it was cheaper to buy or rent a home than to build one. With rents pegged below economic levels, he said, housing would tend to decline in quality and quantity, resulting in overcrowding and other social evils.

Such conditions bring tax defaults, lower assessments, and difficulties for municipal governments, he contended. He added:

"It is the experience of our companies that conditions in this city (Windsor) represent the nadir of urban real estate deterioration during the depression. It is well known that its municipal financial structure gave way, default occurred, and necessitated the major governmental bond refunding in Canada, with very substantial losses to its bondholders."

Beyond Wartime Powers?

Mr. Leonard questioned whether rent control under conditions such as Windsor's was in line with either the policy of Wartime Prices and Trades Board or the wartime emergency powers of the Government. He said:

"From reports that have appeared in the newspapers, an impression has been created that rental control exists solely for the purpose of saving money for tenants. As tenants outnumber landlords, it is natural that such a move has a widespread popular appeal, and in that fact lies its danger if sound principles are not applied in determining where rental control is to be put into effect and on what basis it is to be administered. . . . .

"Rents and leases are matters of property and civil rights assigned by the B. N. A. Act to the jurisdiction of the provinces. The Federal Government has power to deal with them now only by virtue of wartime emergency, and we submit, only to the extent that such control is required for that emergency. It is open to question whether from a constitutional standpoint the essential foundation for federal control of rents exist in Windsor.

"The diversion of the increased spending power created by the war into consumption goods rather than into housing, cannot help our war effort nor in the long run can it be in the best interests of the country."

Letter of Protest

The Windsor situation is also referred to in a recent open letter to the Rent Administrator, Mr. Justice Martin, from I. E. Weldon, K.C., of Toronto. Writing in behalf of clients, friends and himself as a property owner, Mr. Weldon notes that Mr. Justice Martin was told that 30% of all Windsor properties had passed into the hands of trust, loan and mortgage companies.

If this is correct, says Mr. Weldon, it occurred not because the companies wanted to acquire control of real estate, but because individual property owners were unable to get sufficient revenue out of properties to carry them.

Even in centres where rents have been pegged because of wartime military or industrial activity, Mr. Weldon says, it can be argued that rents at higher levels are justified. Rents and property values have been unduly depressed in recent years, he argues, and are likely to become so again after the war is over.

In such centres as these and Parry Sound, he says, the present abnormal rent situation will inevitably become subnormal after the war, with rents and values falling sharply.

List Transcontinental On Toronto Exchange

Shares of the newly-formed company, Transcontinental Resources, were called for trading on the Toronto Stock Exchange on Nov. 8. At the same time shares of the predecessor company, Oro Plata Mining Corp. were removed from listing. Transcontinental Resources succeeded Oro Plata on a share-for-share exchange basis.

Listing statement supplied to the stock exchange shows authorized capital of 4 million shares of which 2,827,007 shares have been issued. Balance sheet as at Oct. 19, 1940, shows $34,152 cash, $14,048 accounts receivable and $156,188 balance to be received from a $600,000 debenture issue underwritten at 92. Current liabilities were $40,095 and there were all the $600,000 debentures outstanding.

PacificWestern Is Hard Hit

Directors Seek Solution to Prevent Default on Debentures

Position of Pacific Western Investment Co. is reported "precarious" by E. A. Riddell, new president, in the annual report for year ended June 30, last. Net loss of $1,838 is shown, compared with profit of $59,270 in the first six months of the previous fiscal year. Early default on a debenture issue created last December is seen by Mr. Riddell unless some solution to present difficulties is found. Directors are now working to this end.

The debenture issue was created as a climax to a series of difficulties which culminated also in a new board of directors assuming control. The debentures were authorized to pay off pressing claims and, to quote Mr. Riddell, "to give the new board an opportunity to analyze the situation and search for a way to save some equity for the shareholders."

Present difficulties of Pacific Western result from loss of one of two major sources of revenue—dividends from its stock in Pacific Power & Water Co. Principal assets are 51,000 common shares of Western Canadian Hydro, on which dividends are being paid; and 12,631 common, 1,919 second preferred shares of Pacific Power, dividends from which stopped during the fiscal year under review.

It is indicated by Mr. Riddell, also the new president of Pacific Power, that the operating company's difficulties resulted from the failure of previous directors to make sufficient provision for depreciation and from the fact insufficient expenditures had been made on maintenance account. Mr. Riddell points out that "no reasonable possibility" can be seen for resumption of dividends on the second preferred or common shares of Pacific Power "during the ensuing year or for some time to come."

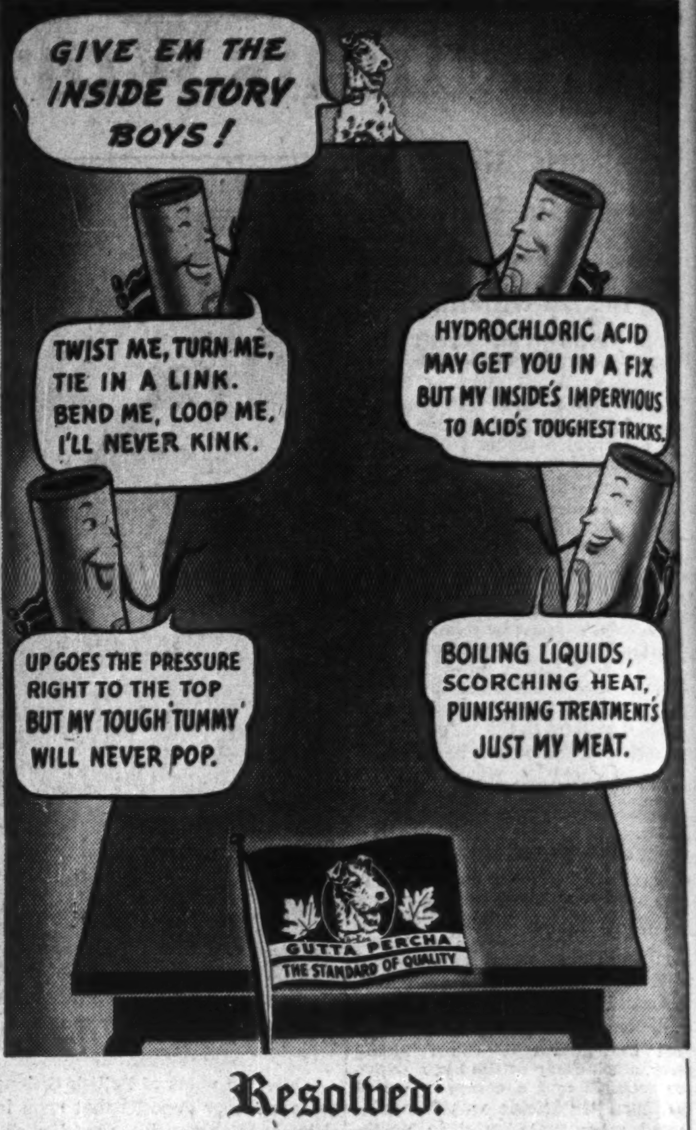
Further Loss of Revenue?

Mr. Riddell also points to the heavy tax burden being felt by West Canadian Hydro which "threatens to bear so heavily upon this company that no increase in the dividends of $5,100 per year can be anticipated—if indeed that dividend rate can be maintained."

The company disposed of 31,572 common shares of West Canadian Hydro at $2.05 per share—compared with the original purchase price of $2 in July, 1939. Proceeds were used to redeem debentures at $5 below par of $100, and a $70,000 reduction was effected—leaving $110,000 outstanding.

Value of other assets is reported to have dropped sharply. Financing undertaken by Pacific Western in connection with Community Gas Co. leaves the holding company with a liability in favor of it against Laurence Smith & Co. Litigation to collect the amount has been decided against, due to the liquidation of the latter company with very few assets.

Severe difficulties have been encountered, also, by Book Match Manufacturers Ltd. and International Book Matches Ltd., in which Pacific Western has minority holdings. Interests in these have been written down to nil on the balance sheet, while the Community Gas holding is carried at $3,379. The auditors warn the latter will be subject to further reduction.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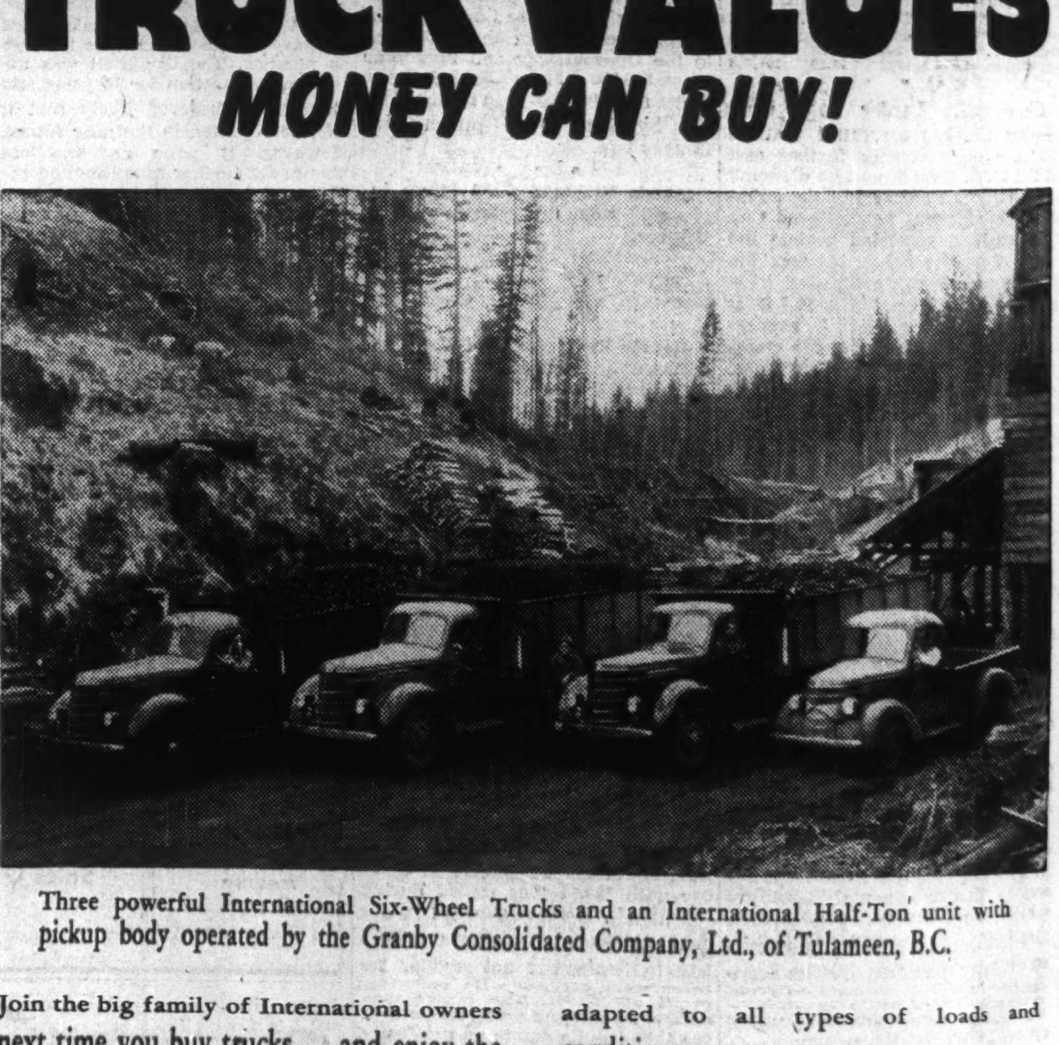

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